

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

Craxi paints a bright economic picture, Page 2

## NEWS SUMMARY

### GENERAL

#### Mulroney names Canadian Cabinet

Twenty-one years of almost unbroken Liberal rule in Canada came to an end yesterday when the Progressive Conservative Party was sworn into office in Ottawa.

The new Prime Minister, Mr Brian Mulroney, named a 40-member Cabinet, which is generally expected to encourage the interests of Canadian and foreign business. Mr Joe Clark who headed the minority Conservative government in 1979, was named as Minister for External Affairs.

Mr John Turner formally tendered his resignation as Prime Minister, ending the shortest term of a Canadian prime minister this century. Page 20

### EEC budget hurdle

European foreign ministers were last night facing the last hurdle in the path to resolving the EEC budget crisis as they sought to find an acceptable formula for the financing of the Community's budget deficit in 1985.

### India crisis vote

N. T. Rama Rao, the reinstated Chief Minister of Andhra Pradesh state, southern India, freed two imprisoned politicians and promised an early parliamentary vote of confidence to end the political crisis. Page 4

### Blockade lifted

A thousand lorry drivers lifted their five-day blockade of the Swiss-Italian border at Chiasso after Italian customs officials agreed to speed up control procedures. Page 2

### Swiss 'arson'

Swiss police said they were investigating arson as the possible cause of a fire that gutted Geneva's main concert hall.

### Czechs defect

Ten Czechoslovak tourists defected to West Germany during a weekend sightseeing trip in Hamburg.

### S. Africa boycott

A black South African university was closed indefinitely and another ordered shut for a week after class boycotts by students.

### Sri Lanka bomb

Two policemen were killed and four wounded when a landmine planted by Tamil separatist guerrillas exploded in Sri Lanka's northern province. Page 4

### Andreotti meeting

West German Foreign Minister Hans-Dietrich Genscher met his Italian counterpart Giulio Andreotti to discuss Andreotti's controversial remarks that Germany should remain divided. Page 3

### Balloon record

U.S. balloonist Joe W. Kittinger completed the first solo balloon crossing of the Atlantic late last night, blurring airport control tower said.

### Israel aid plea

Israel's new Prime Minister Shimon Peres will meet President Reagan in Washington on October 6 to seek emergency aid from the U.S. after his Government's decision to devalue the shekel by 9 per cent and cut spending by \$1bn. Page 20

### Great Wall fund

China hopes to restore the entire 5,000 kilometre length of its Great Wall and is looking for foreign donations to help to finance the operation.

### BUSINESS

#### Strikes hit GM over new contract

GENERAL MOTORS, the biggest U.S. car maker, suffered selective strikes involving 60,000 workers seeking a new three-year work contract. Page 4

DOLLAR rose to record levels in London against several leading currencies, closing at an 11 1/2-year high of DM 3.072 (DM 3.033) and a 7 1/2-year high of SwFr 2.575 (SwFr 2.504). It also rose to FFf 9.425 (FFf 9.3025) and ZY47.15 (ZY45.45). The dollar's trade-weighted index rose to a record 142.1 from 140.7. In New York it closed at DM 3.025, SwFr 2.5407 and ZY47.77. Page 43

STERLING fell 2.35 cents against the dollar in London to a record low of \$1.242. It was also weaker at DM 3.8175 (DM 3.84), SwFr 3.1375 (SwFr 3.1675), FFf 11.7125 (FFf 11.7825) and ZY37.0 (ZY37.75). Its trade-weighted index slipped to an 8-year low of 77.0, down from 77.7. In New York it closed at \$1.2355. Page 43

GOLD fell \$5 an ounce on the London bullion market to finish at \$336.00. The metal was at \$335.25 in Frankfurt and \$334.75 in Zurich. In New York, the Comex September settlement was \$338. Page 42

TOKYO blue chips were buoyed by foreign buying and the Nikkei Dow market average rose for the fifth consecutive session with a gain of 14.82 to 10,836.36. Section III

LONDON was unsettled by exchange-rate concern and the FT Industrial Ordinary index slipped 0.4 to 858.0. Section III

WALL STREET: The Dow Jones industrial average closed 0.44 down at 1,237.88. Section III

U.S. CONGRESSIONAL investigators today begin the first round of hearings on the near-collapse of the Continental Illinois banking group. Page 21

U.S. PAYMENTS deficit on current account reached a record \$94.4bn in the second quarter, against a revised \$19.57bn for the first quarter.

EKKON of the U.S. announced the first significant Chinese offshore oil find, saying its Wenchang 19-1-S well in the Pearl River Basin flowed at 2,200 barrels a day. Page 20

NIGERIAN central bank promissory notes, a first stage in settling payments arrears, are unlikely to be issued until next year, after a heavy response from suppliers accepting repayment terms.

AUSTRALIAN manufacturing group Dunlop Olympic increased its net profits by 41 per cent to A\$63.5m (U.S.\$54.1m) in the year to June and stepped up its dividend. Page 22

UNITED Arab Emirates' 24 locally incorporated banks may be forcibly merged by the Government if they do not do so voluntarily, Finance Minister Ahmed Al Tayer said. Page 20

BABCOCK INTERNATIONAL and Powell Duffryn of the UK face DM 70m (\$23.2m) demands from the receiver of IBI Holdings, the West German construction equipment group that collapsed last year. Page 7

ICI, Britain's biggest chemical company, is moving into computer software as part of its diversification programme. Page 6

JAPAN'S leading brewery, Kirin, boosted its net profits by 59.8 per cent to ¥12.6bn (\$61m) in the half year to July 31. Page 22

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

## \$ continues gains against Europe's main currencies

BY PHILIP STEPHENS IN LONDON

THE DOLLAR soared to new highs against sterling and other European currencies yesterday, with central banks offering only token resistance to the U.S. currency's relentless surge.

The pound, which lost 2.35 cents against the dollar in London trading, also fell against the D-Mark and other leading currencies, with its trade-weighted index closing at its lowest level since 1978.

The 1 per cent fall in sterling's overall value during the day was viewed in the City of London as a severe setback to the Government's hopes of an early fall in UK interest rates.

The dollar's rise, fuelled by the apparently unending flow of investment funds to the U.S. and the reluctance of holders of the U.S. currency to sell, took it to a new 11 1/2-year high against the D-Mark and records against the Italian lira, French franc and a number of other currencies.

The rush into dollars was encouraged by comments from Dr Henry Kaufman, of Wall Street securities dealers Salomon Brothers, that the U.S. currency was unlikely to fall decisively before the middle of next year.

The dollar closed in London at DM 3.0720, up nearly a pig from Friday and the highest level since the introduction of floating exchange rates in 1973. Since the beginning of the month it has risen by 19 pfg, or 8 1/2 per cent, against the D-Mark.

Sterling fell to \$1.2420 from \$1.2855, and its trade-weighted index closed at 77.0, down from 77.7.

In New York, the dollar continued its upward trek, gaining a further pennig against the D-Mark, compared with the London close, and sending sterling crashing through \$1.24.

The dollar's strong advance came despite steady U.S. short-term interest rates yesterday and the growing conviction among market economists that the Federal Reserve Board had, at least temporarily, adopted a slightly more accommodating monetary posture - perhaps aimed at halting the rise in short-term rates.

New York foreign exchange markets were busy yesterday in the wake of the dollar's sharp rise in the European markets earlier in the day. At the close, it was quoted at DM 3.0847, having risen as high as DM 3.025 in mid-afternoon. Sterling, after opening in New York at \$1.25, closed at \$1.2355.

The dollar also made strong advances against other leading currencies, closing at FFf 9.4575, SwFr 2.5407 and Yen 247.77.

Foreign exchange dealers said the expectation that the U.S. economy would continue to grow strongly underpinning high interest rates, was generating a self-sustaining momentum for the dollar.

Central banks in Europe yesterday sold only token amounts of the U.S. currency and Herr Karl Otto Pöhl, president of the Bundesbank, acknowledged that they were virtually powerless to halt the dollar's rise.

Dealers said, however, that at present levels the dollar might be vulnerable to bouts of profit-taking and sporadic intervention by central banks.

Despite its losses yesterday against most currencies and continuing concern over the UK miners' strike, foreign exchange dealers said there was little sign as yet of a general run on sterling.

The Confederation of British Industry, the employers' organisation, believes its most recent surveys of

## UK recovery 'likely to tail off next year'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S Central Statistical Office (CSO) indicated yesterday that the recovery of the UK economy was likely, on present evidence, to tail off early next year.

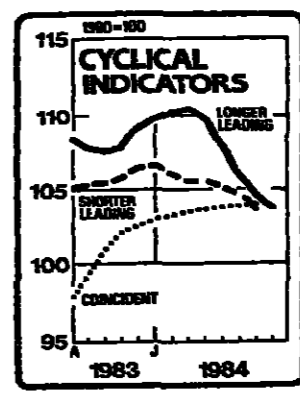
That is extremely worrying for the Government because it implies that the British economy may pass through a complete 'recovery' cycle with unemployment rising almost continuously.

The CSO's latest figures, published yesterday, showed the fifth successive fall in the monthly indicator, which predicts the state of the economy a year in advance, and the third successive fall in the indicator, which looks six months ahead.

The CSO's indicators must be interpreted with caution, for they are not intended to give any preview of future rates of growth. They were devised to predict turning points in the normal economic cycle. They may, therefore, be signalling a slowing down in growth rather than a period of decline in national output.

Nevertheless, a decline in the growth rate now estimated to be only about 2 1/2 per cent a year would almost certainly worsen the outlook for unemployment.

The Confederation of British Industry, the employers' organisation, believes its most recent surveys of



manufacturing industry continue to point to further growth in the UK economy.

That view is supported by many independent forecasters who have been predicting continued growth although at a decelerating underlying rate. The more optimistic believe that increased investment and exports will carry the economy upwards even though the growth in consumers' spending appears to have eased off.

There is, however, a growing feeling of pessimism. Continued on Page 20

## NEC to double spending on Scottish chip output

BY JASON CRISP IN LONDON

NEC, the Japanese electronics group which is the world's third largest vendor of microchips, plans to double its share of the European market to 10 per cent through a boost in spending at its Scottish site that would make it Japan's biggest investment in Europe.

The group is to increase spending on its operations at Livingston, to £90m (\$111.8m) - some £50m more than previously planned - and will manufacture microchips there. Current activity involves only chip assembly.

NEC's present European market share for microchips is between 4 and 5 per cent. The project, which completed in 1987, will have created 450 jobs. It now employs some 200 there.

For the UK, the investment will be significantly larger than the £50m so far committed by Nissan for its plant in north-east England.

The decision by NEC confirms Scotland's position as Europe's leading producer of microchips. Other companies with plants in Scotland include National Semiconductor, Motorola, General Instrument, and Hughes.

NEC - formerly Nippon Electric Company - will make the microchips at a new plant at Livingston costing £75m. Construction is to start next month and the plant is expected to start production in the first half of 1988 and reach full capacity in 1987.

NEC first announced that it would make microchips in Scotland in 1980 and then proposed to invest £40m. The first phase - the £15m assembly plant - was completed in 1982 and was opened by Queen Elizabeth last year.

The second delayed phase - to build a full wafer fabrication plant - has been increased from £25m to £75m. The plant will be larger and use six-inch (15 cm) wafers rather than five-inch wafers originally planned. The company expects to produce 6m microchips a month at the new facility. It will also be able to make the 256K random access memories, the new generation of memory chips. In the original plan, however, wafer fabrication was to have started this year.

Mr George Younger, Scottish Secretary, said yesterday: "We now have in Scotland a semiconductor industry which is significant by world standards and, with the introduction of support companies, is increasingly well integrated."

## Britain reviews rising cost of dollar-based export credits

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

BRITISH Government support for export lending in U.S. dollars, the world's principal trading currency, may be cut or withdrawn because of the mounting cost to its taxpayers.

The UK Treasury is pressing for the change in confidential discussions with the Export Credits Guarantee Department (ECGD), the agency that administers and underwrites subsidised lending to overseas buyers of British goods.

News of the talks has leaked out, however, and some London banks are expected to protest about what they see as a retrograde step that might damage British exporters' ability to compete.

It is understood, however, that the talks - part of the public expenditure review for 1985-86 - have not yet reached a conclusion.

Exporters and their bankers are likely to complain that the Treasury's move is another example of civil servants' refusal to appreciate the 'hard realities' of selling abroad. They are afraid ministers are being persuaded to take Britain out of the costly subsidy game, with a conse-

quent loss of capital project orders and UK jobs.

If the foreign currency option was removed, exporters would have to offer their overseas buyers staggered packages in order to qualify for continued access to risk-free financing backed by the ECGD.

If the buyer insisted on dollars - as many do - the exporter would face an unquantifiable exchange rate risk, bankers say. He could still get credit insurance from the ECGD, but would have to use one of the many instruments now available to hedge the exchange rate risk, with all the extra costs implied.

Many countries prefer dollar credits because they have large dollar receipts from the export of oil and agricultural commodities, or because their currencies are dollar-linked.

Dollar credits are a large part of all medium and long-term fixed-rate export loans underwritten by the ECGD. At the end of the last financial year, total lending stood at just over £11bn (\$13.9bn), of which £5.8bn was in sterling.

The rise of U.S. interest rates has increased the cost of the subsidy which the British have been striving to cut through negotiations within the Organisation for Economic Co-operation and Development (OECD).

Under informal OECD guidelines (the 'consensus'), exporters are allowed to offer subsidised finance to potential buyers in developing countries. Governments are permitted to make up the difference to the lending banks, which enjoy a risk-free if not highly profitable business.

Last year this export finance subsidy cost Britain £330.6m, of which £150.5m was the foreign currency - mainly dollar - element.

In recent months the long-term interbank dollar rate has fluctuated between 14.7 and 13.5 per cent, compared with the 10.7 per cent that can currently be offered to buyers in the poorest countries and the 11.55 per cent to those in richer developing nations.

High UK textile trade deficit, Page 6

## France and Libya to withdraw troops from Chad

By Paul Betts in Paris

FRANCE AND LIBYA yesterday agreed to a mutual withdrawal of their troops from Chad, the central African state racked almost continuously by factional fighting since it gained independence from France in 1960.

The withdrawal of the French forces supporting the official Chad Government of President Hissene Habré and of the Libyan troops supporting rebel leader Goukouni Weddeye will begin on September 25, the French Foreign Ministry said.

While the 13-month confrontation between France and Libya in Chad led to no direct battles between the forces, there was always the fear that the situation might flare into a serious military conflict between the two, and yesterday's announcement brought a sigh of relief in Paris.

The agreement, finalised at the weekend during a secret visit to Tripoli by M Claude Cheysson, the French Foreign Minister, marks a new diplomatic success for President François Mitterrand. It comes after weeks of intense French diplomatic activity in North Africa and follows the successful French disengagement from Beirut last spring.

It also comes soon after the decision of Libya and Morocco to form a so-called union of states, and appears to reflect the current more conciliatory diplomatic initiatives of Colonel Muammar Gaddafi, the Libyan leader.

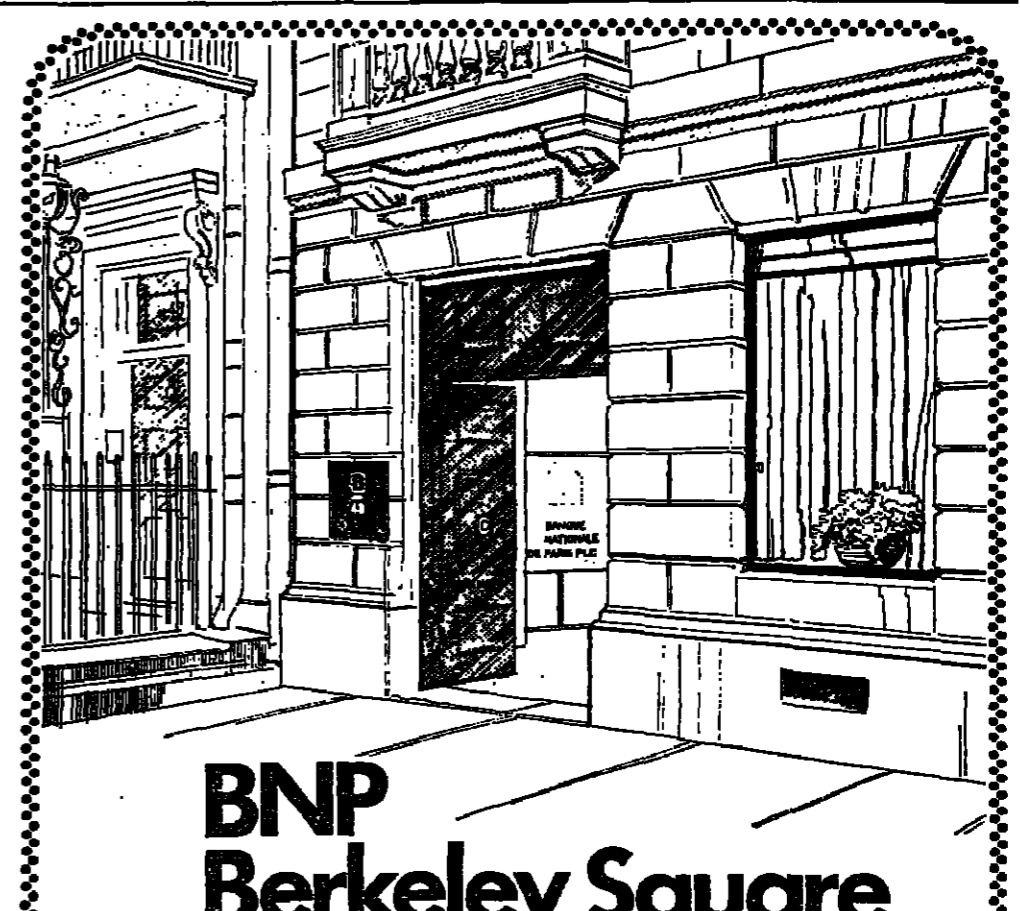
The French Government had come under increasing criticism for its policy in Chad, where more than 3,000 French troops, backed by an impressive amount of military equipment and aircraft, have been stationed since August 1983. The withdrawal is also timely in that it will enable savings in the French military budget, which has just fallen victim to the Government's overall spending cuts for 1985.

M Charles Hernu, the French Defence Minister, who flew to Chad yesterday, said last week that the French presence there involved additional costs of about FFf 1.5bn (\$182m).

France had taken credit for its policy of military deterrence for successfully holding back the Libyan advance in Chad without bloodshed. A total of 12 French soldiers died in Chad, but 11 of those deaths were caused by accidents. One air force pilot, however, died when his Jaguar combat aircraft was shot down last January.

M Cheysson claimed yesterday that the agreement with Libya was

Continued on Page 20



## BNP Berkeley Square

Banque Nationale de Paris p.l.c. is pleased to announce the opening of a new branch at No 48 Berkeley Square. BNP now has seven UK offices. The new branch will offer a full range of corporate and private banking services. It is close to Bond Street, Piccadilly and Park Lane, superbly positioned for overseas clients requiring banking facilities based in London.

The manager is Mr Ken Scarfe, who has long experience overseas and in the UK.

## Banque Nationale de Paris p.l.c.

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# EUROPEAN NEWS

## Natta takes tough stance on campaign against government

BY JAMES BUXTON IN ROME

ITALY'S COMMUNIST Party is offering no let-up in its opposition to the Government of Sig Bettino Craxi. This was made clear at the weekend by Sig Alessandro Natta, the new leader.

Speaking here at the end of the party's annual festival, he said there would be no change in the strategy established by his predecessor, Sig Enrico Berlinguer, who died in June.

Sig Natta invited Sig Craxi's Socialists and other parties of the Left and Centre to join the Communists in creating the "left-wing alternative"—a government of the Left to replace the Christian - Democrat-led coalition which has run Italy since the War.

This was the strategy towards which Sig Berlinguer guided the party after the failure of its historic compromise strategy—the idea of the Communists coming to power in alliance with the Christian Democrats. If anything, Sig Natta seems a more committed advocate of the left-wing alternative than his predecessor.

His speech, before an audience of hundreds of thousands of Communists from all over Italy, reflected the confidence the party feels after its performance in last summer's European election, when it overtook the Christian Democrats (by a

fraction of a percent) for the first time.

He said the party would press on with its campaign for a referendum to reverse the cut in the scala mobile wage indexation system earlier this year. The campaign would force employers to negotiate a new wage agreement with the unions, he said.

Sig Natta was sparing in his criticisms of the Soviet Union, confining himself to condemning the occupation of Afghanistan. But he bitterly attacked almost every aspect of President Ronald Reagan's policies.

Alan Friedman adds from Milan: A senior union leader yesterday attacked the Communist referendum campaign on wage indexation. Sig Giorgio Benvenuto, leader of the UIL, a union generally close to the Socialists, accused the Communists of having paralysed Parliament with obstructive tactics designed to counter the Government's incomes policy.

"A referendum would be a grave error," he said. He called instead for direct and serious negotiations with Italy's employers. "We must be realistic. We are doing well and in the past year Italy suffered the lowest ever number of days lost in strikes. We must build on this."

## Craxi paints a bright picture but the real test looms

James Buxton in Rome reports on prospects for the Italian economy

IT IS not often that Italian Prime Ministers can stand up on a platform and with a straight face give some genuinely good news about the Italian economy.

Yet that is exactly what Sig Bettino Craxi was able to do a few days ago. Under his Government the annual inflation rate has fallen from last year's average of just under 15 per cent to last month's figure of 10.4 per cent and the economy is growing at nearly 3 per cent this year after three years of stagnation or decline.

Even more remarkable, this Government is likely to come closer than any in recent years to hitting its admittedly grotesquely large target for the public sector borrowing requirement for this year.

It is curious to ask how much of this would have happened whatever the Government had done. There is no doubt that the Craxi Government has been greatly helped by the slowdown in world inflation rates, while the "success" of the PSBR (which could come to "only" about L94,000bn (£40bn) instead of the target of L21,000bn) seems partly due to luck—or perhaps to faulty estimates in the first place. Even though the Government has shown signs of taking the economy rather more seriously than its predecessors, it has so far failed to win parliamentary approval for major parts of the economic programme it introduced almost a year ago.

The real test will come in the next few weeks. Can the five-party coalition government "find the will and stamina"—as the International

Monetary Fund put it last autumn to Sig Giovanni Coria, the Treasury Minister—to build on its relatively good fortune and "correct the imbalances that in the last 15 years have so frequently brought periods of recovery to a halt." By the end of this month, the Government must by law present its 1985 Budget.

Already, depressingly familiar problems are brewing. On Sep-

wrenched into surplus after the colossal deficits that followed the 1979-80 oil crisis.

Italy anyway is inclined to suck in imports whenever the economy expands. It is almost entirely dependent on imported energy and raw materials and the increasing sophistication of industry means that more semi-finished goods are now imported in order to be processed and exported. The

But the anxiety caused by the balance of payments is overshadowed by the deeper but less immediate problem of the public sector debt. In the late 1970s, Italian governments took on immense new commitments in spending on social services and pensions, to which have lately been added the ever higher losses by declining state-owned smoke-stack industries. Public sector spending rose as a proportion of GDP from 45 per cent in the late 1970s to 58 per cent last year.

Contrary to the common impression that Italians pay no tax, the tax burden as a percentage of GDP actually rose from 36 to 42 per cent over the same period, though the extra burden fell mainly on wage earners whose income tax is deducted at source. It still left a vast gap between revenue and spending to be funded by public borrowing.

As a result, enormous public sector deficits have become a fact of political and economic life. The PSBR this year will be at least 15 per cent of GDP, a proportion which is several times those of other industrial countries. The state takes half of all personal savings to finance itself and the deficit is, along with imported price rises, the main cause of inflation. (The "scala mobile", the wage indexation system which the Craxi Government succeeded in temporarily restraining earlier this year, mainly reinforces it.)

While the authorities have to ensure that interest rates are high enough for the government

to sell its paper, the private sector is usually close to being crowded out of capital markets. On the other hand, it enjoys the high demand for its products caused by excessive Government spending.

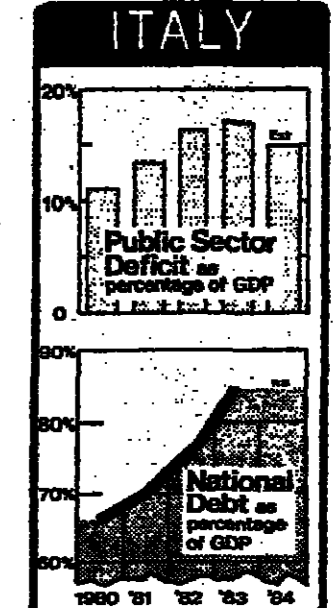
But this year, when the Government should not vastly overshoot its PSBR target, thanks to unusually slow disbursements by spending agencies and unexpectedly high tax receipts, the accumulated Government debt will still rise. By the end of last year, it had already reached 84 per cent of annual GDP and it is set to overtake GDP completely in two or three years' time.

At best, that means a growing incubus on the Italian economy, preventing it achieving even the modest growth that seems to be all Europe is capable of. At worst, it is, in the IMF's words last year, a "cancer" or "time-bomb." It warned: "Individuals and companies will not be prepared to increase indefinitely their holdings of Government debt. At some stage they will regard the offer of yet higher interest rates with scepticism ..."

It is hard to say whether that spectre of a catastrophic financial crisis has really sunk in with most politicians, despite the fact that Dr Carlo Ciampi, governor of the Bank of Italy, never ceases to harp on it. Governments always find it hard to envisage crises they have never experienced and, in a casual eye, the economy looks quite prosperous. Big private sector concerns like Fiat and Olivetti are better-run, more profitable and more successful than they were when Government deficits were much smaller. Small businesses are barely less vibrant than before.

Anyway, as those in power ruefully admit, even if the situation is critical, what can the Government do about it? It is difficult enough to get Ministers and MPs to accept any real cut in Government spending, let alone get them past the opposition Communist Party, which is at present in an uncooperative mood. At the back of many politicians' minds is the thought that it may be only with Communist participation in Government that Italy's finances could be reformed—an idea which, not unpalatable to everyone in the governing parties, would at least have momentous political consequences.

Sig Gorla told foreign bankers



a few days ago that the Treasury is now working on a plan aimed at bringing the Government deficit down to zero by the end of 1988. Dr Ciampi explains that the way to do that is to hold the growth in public spending at 2 per cent below the economic growth rate, while pushing the rise in the tax burden to 2 per cent above. It is not an appetising recipe. To raise tax revenue without squeezing wage earners even harder means finally tackling the millions of self-employed tax evaders—and hardly anyone in Government relies that prospect.

Sig Gorla's budget for next year, the details of which he is now fighting over with his Cabinet colleagues, is crucial to whether the Government's search for financial rectitude is to be regarded as credible or not. The budget must, at the very least, reduce the deficit as a proportion of GDP to below this year's 15 per cent. But that can be achieved only by cutting spending and holding down pay rises for the Government's own 3m employees. This alone would be an agonising decision for the Cabinet to take.

Yet if the deficit is not contained, economic growth may peter out, the official inflation target for next year of 7 per cent may be missed and, in the words of one senior official, "God knows what might happen." The answer, many people secretly believe and hope, is Italian through as before.

Middle entrepreneurs, Page

### EEC grants to telecom industries

BRUSSELS - The British and Irish telecommunications industries are the main beneficiaries of the latest round of grants from the European Community's regional fund, the European Commission said yesterday.

The two countries will receive 257m Ecu (\$183m) out of 236m Ecu being spent on subsidising 789 different investment projects in the 10-nation Community.

The remainder will be spent on various schemes in other EEC countries.

The Commission said the money would create or maintain around 15,000 jobs, more than half of them in Britain and Ireland.

Reuter

### Salvagers recover 16 of 30 nuclear canisters

OSTEND - Cranes have lifted out over half of the nuclear cargo from the sunken French freighter *Mont Louis*, but poor visibility yesterday was making it difficult for divers to cut a new hole in the wreck to make salvage easier, a spokesman said.

Mr Paul Goris, of the Belgian firm Union de Remorquage et de Sauvetage, said two 15-tonne canisters were hoisted out of the vessel yesterday and secured to a pontoon, bringing the number of drums retrieved to 16 out of 30.

Divers with underwater blow torches were working in near-zero visibility trying to cut a hole in the wreck that would allow cranes more direct access to the remaining drums of mildly radioactive uranium hexafluoride.

Reuter, AP

### 'Middle-men' banned by Hungary

HUNGARY HAS banned "middle men" who buy food and other goods from producers and sell them for a profit to retailers. Newspaper reports said the aim was to stop the "spread of rackets" by wholesalers who pushed food and vegetable prices to record heights this summer and earned "illicit" profits.

Reselling by middle men will be punishable under the labour and penal code. Also prohibited is the widespread practice of reselling new cars. Owners will have to keep the vehicles for at least three years.

The regulations are part of a crackdown on what are seen as excesses resulting from the economic reform programme which has allowed consumer prices to rise to cover production costs. Living standards have failed to improve in recent years which has made ordinary Hungarians sensitive to those profiting from scarcities.

The Government has also approved the closure of a large loss-making Budapest factory and the dismissal of its 1,300 workers. The Ministry of Industry said it will disband the Business Machine and Precision Mechanical Company (IGV), the first time this has been done since 1945.

The central committee of the Hungarian Communist Party had warned in April that "unprofitable enterprises" were to be eliminated.

Some 1,500 workers are to lose their jobs at the multinational Tungram light bulb company, one of the biggest concerns in Hungary, because of heavy losses in recent years. In both cases the affected workers are to be given other jobs or will be retrained.

Mr Karoly Demeter, Tungram's managing director, favours more job cuts.

Reuter, AP

### 'Middle-men' banned by Hungary

By Leslie Collett in Berlin

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Reuter, AP

### Lorry blockade is lifted

PONTE CHIASSO, Italy - A thousand lorry drivers lifted their five-day blockade of the Swiss-Italian border at Chiasso yesterday after Italian customs authorities agreed to speed up control procedures.

Under a deal approved by Sig Bruno Visentini, the Finance Minister, two of the three controls carried out on lorries entering Italy at Ponte Chiasso, Italy's third biggest commercial goods border, will be dropped.

Commercial traffic across the frontier started moving again, shortly after Italian union representatives signed an agreement with the regional customs authorities. Officials said traffic was now moving smoothly.

A customs officer at Ponte Chiasso said that 10 extra staff would be taken on at the border although only two had turned up. "Let's hope that Rome keeps its promise," he said.

AP

### Boost for scientific exchanges

BY DAVID MARSH IN PARIS

EUROPEAN RESEARCH ministers agreed yesterday to boost exchanges among European scientists as part of a drive to increase technological collaboration in the face of challenges from the U.S. and Japan.

The measures aim to promote researchers' mobility around Europe and to strengthen existing laboratory co-operation in a range of areas including space technology, biology, energy and computers.

Ministers responsible for research from the 21-nation Council of Europe held a one-day meeting in Paris and called for a "European scientific and technical effort" to be set up to widen research efforts and promote modernisation.

France and other European countries have been increasingly keen to promote movements of scientists within Europe.

Among moves urged by the ministers were easier access to laboratories and scientific materials by researchers of different nationalities, pan-European education at doctoral and post-doctoral levels, and easier formalities for cross-border transfer of equipment.

### Turkey-U.S. relations at low ebb

By David Barchard in Ankara

RELATIONS between Turkey and the U.S. have reached their lowest ebb for a decade because of Congressional aid cuts and a resolution condemning alleged massacres of Armenians by Turks before and during the First World War.

U.S. military aid to Turkey during next year has been pruned by stages from the \$755m requested by President Ronald Reagan to \$546m approved last week by the House of Representatives Appropriations Committee.

The cuts are largely the result of the Putsch Cypriot decision last November to declare independence in northern Cyprus.

However, the real bitterness has been triggered by a resolution in Congress making April 24 a day for commemorating alleged massacres of Armenians earlier this century.

Turkey consistently denies the allegations and has accused Congress of siding with Armenian terrorist groups which have killed nearly 40 Turks, mostly diplomats and their families, over the past 12 years.

The resolution has provoked a spate of unprecedented anti-American articles in the Turkish press, apparently with tacit government approval.

Turkey, which has been a member of Nato for more than 30 years, is guided by a belief that it is indispensable to the alliance.

Reuter

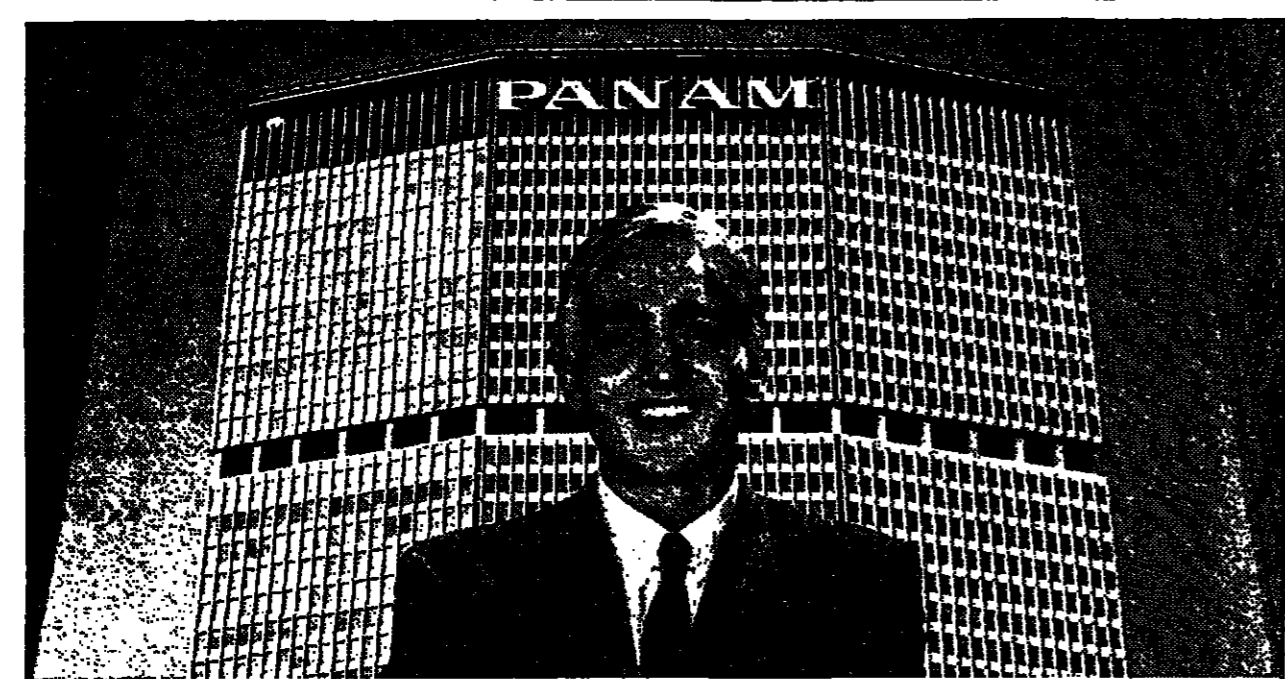
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EUROPEAN NEWS

Andreotti regret fails to quell Bonn's anger

BY RUPERT CORNWELL IN BONN

PROFESSIONS of regret last night by Sig Giulio Andreotti, the Italian Foreign Minister, failed to quell the now unleashed by his incautious remarks about a reunited Germany. Bonn's antagonists in the Eastern bloc, moreover, have begun to revel in the unexpected propaganda bonum.

France suggests wine quota system

By Paul Chesteright in Brussels

FRANCE yesterday launched a bid to bring greater stability to the EEC's over-supplied wine market by suggesting that a guaranteed price should be paid to growers for only 85 per cent of their average production.

Ogarkov demotion reaffirms party supremacy

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE KREMLIN is sending subtle but unmistakable signals to the outside world that the sudden demotion of Marshal Nikolai Ogarkov from chief of staff is a reassertion of continued civilian party control in Moscow—though by no means an assurance of renewed dialogue with the West.



Ogarkov opinionated, clever,

Moscow's anxiety about how its recent politico-military tussle will be read abroad, particularly in the U.S., is clear. While it puts Marshal Sergei Akhromeyev on U.S. television to describe his demotion to Chief of Staff as "a regular change," it also lets Washington know through diplomatic channels that Marshal Ogarkov's sin was "unparty-like tenacity".

His fall almost smacks of that of Marshal Zhukov in 1957. Then, President Nikita Khrushchev toppled Zhukov as Defence Minister, partly because he came to be seen as a man on a white horse.

Palme wins backing for tougher defence policy

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

MR OLAF PALME, the Swedish Social Democratic Prime Minister, yesterday won backing from his party for a tougher security and defence policy and again attacked Soviet violations of Swedish territory.

France has dismissed Commission proposals for the reform of the wine sector as taking too long to become effective. Its own approach, based on the guaranteed price for a certain portion of production, plus quotas on the produce going to distillation, is designed as a short and medium term measure.

It will be vigorously opposed by Italy, which has favoured a fiscal approach to the problem, such as lowering prices to encourage consumption.

The British Government regards any quota system with caution, arguing that it is likely to institutionalise over-production and would be almost impossible to enforce.

Austria plans more power links with E. bloc

BY PATRICK BLUM IN VIENNA

AUSTRIA IS to integrate further its electricity grid with Eastern Europe in an effort to become an important transit point for power exchanges between East and West.

planning to spend up to Sch 16bn (2640m) by 1993 although this also includes spending on modernisation of Austria's internal grid.

the Soviet Union on an exchange basis are due to start on January 1 and will also use this line.

Several extra lines and a new power conversion plant near Vienna are also planned to link the Hungarian and Austrian grids.

Swiss chemical concerns cleared

TWO SWISS companies have been cleared of selling equipment to Iraq for making poison gas used in its four-year war with Iran.

Rogers voices concern on Denmark's role in Nato

BY HILARY BARNES IN RINGSTED

DENMARK RISKS being unable to fulfil its Nato role, Gen Bernard Rogers, Supreme Allied Commander Europe, told a news conference here yesterday at which he also criticised the Danish defence budget.

Convertible drachma move by Greece

By Andriana Ierodiasconou in Athens

THE BANK of Greece is allowing Greek residents abroad to open convertible drachma deposits with freely set interest rates in domestic commercial banks in order to meet the demand for the introduction of the drachma into the European currency unit, the Ecu.

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Cyprus talks 'encourage' UN chief

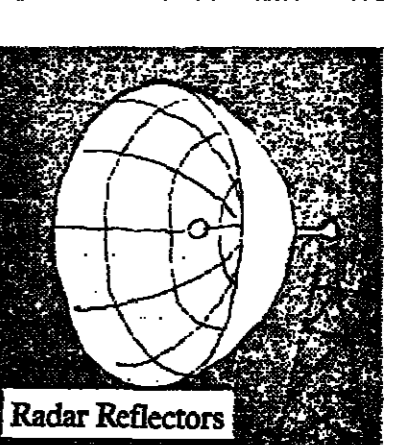
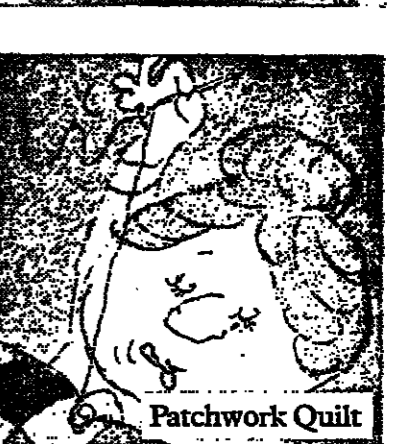
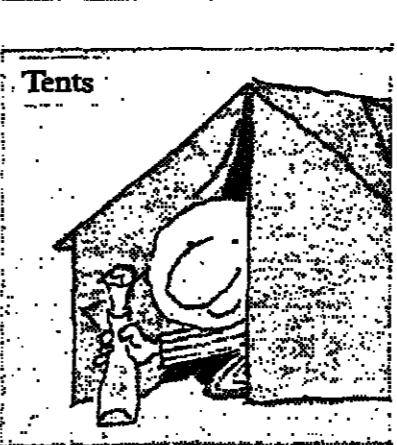
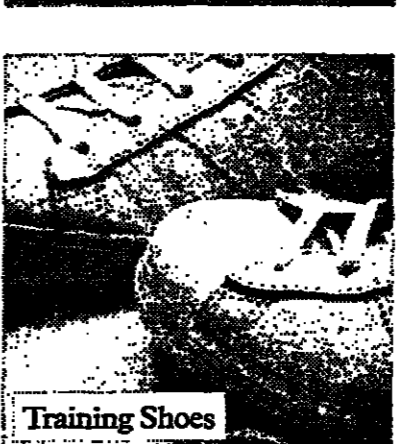
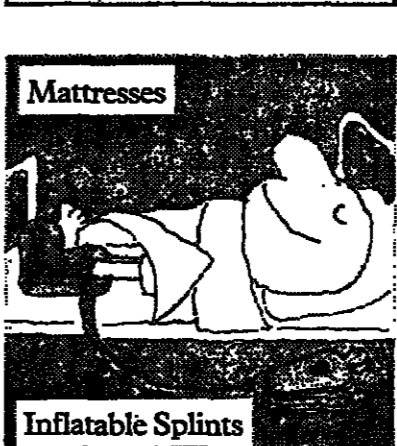
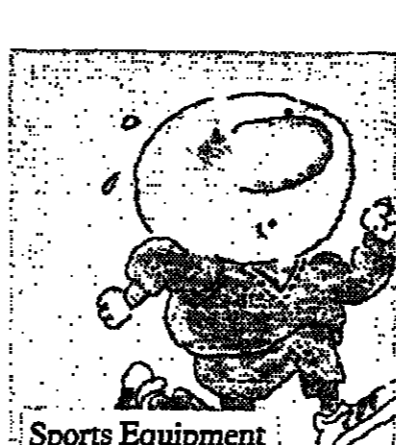
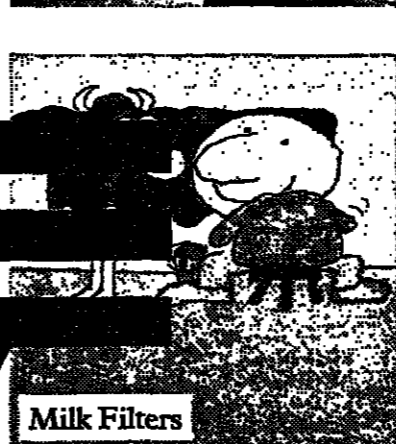
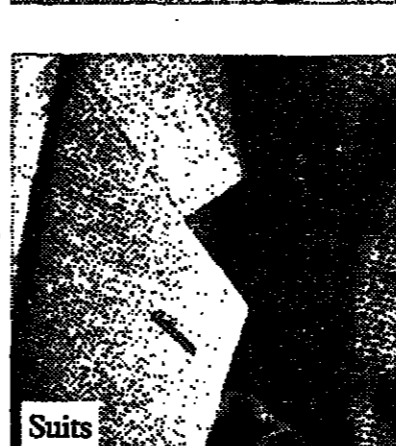
By Our United Nations Correspondent

TALKS on the Cyprus problem continued yesterday for a second week as the United Nations Secretary-General, Javier Perez de Cuellar, reported that much more needed to be done to clarify the positions of the Greek and Turkish Cypriot sides.

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WORLD TRADE NEWS

Community acts to strengthen policy on unfair trading practice

BY PAUL CHEESRIGHT IN BRUSSELS

THE EUROPEAN Community has brought into play a new instrument designed to speed up and strengthen its ability to combat the unfair trading practices of other countries. The move came yesterday at a meeting of Foreign Ministers when Denmark lifted its objections to a series of standards directives on 15 products mainly in the gas and construction plant sectors. The two issues, at first sight unrelated, had been tied together politically by France last year on the basis that measures to free the internal market should be accompanied by parallel steps to fortify external trade defences. Although the new external trade policy measures were settled last April, Denmark prevented them coming into force. Only when the Danish Government was satisfied that directives on the noise emission levels of tower cranes and compressors would meet the criteria of a parliamentary committee concerned with worker protection would it lift its block on the internal market measures. That happened yesterday, bringing to an end technical work on the standards that started in some cases during the early 1970s. The setting of common standards should facilitate the movement of goods within the EEC for the products concerned and give overseas suppliers the benefits of a single market rather than 10. The directives cover varieties of gas cylinders, gas hot water appliances, construction equipment, lifting and mechanical handling appliances, noise emissions not only from compressors and tower cranes but also from lawn mowers, some generators and concrete breakers and electro-medical equipment. The external trade policy instrument, for its part, was the subject of rearranged objections by West Germany which bowed yesterday to the will of the majority. Bonn was concerned about the protectionist implications. The instrument allows Community industries to make complaints about the illegal practices of competitors. The Commission has the power to take the preliminary steps towards the resolution of disputes within the General Agreement on Tariffs and Trade (GATT). But action against another trading power will be controlled by the Council of Ministers. This will bring Community practice closer to that specified in U.S. legislation. But it is written into the legal documents that nothing will be done which does not conform with Gatt.

UK textile trade deficit over £2bn

By Anthony Moreton, Textiles Correspondent

BRITAIN'S adverse balance of trade in clothing and textiles is running at an annual rate above £2bn, with the situation deteriorating as the rate of increase of imports accelerates.

Mr Ian MacArthur, director of the British Textile Confederation, said the industry was "very seriously concerned" at the trend.

"Large gaps have appeared in the arrangements for limiting the growth of imports from low-wage and state-trading countries, notably for hatted underwear from Portugal." Urgent steps to deal with this are needed, he stated.

The confederation said imports of all textiles and clothing amounted to £2.8bn in the first half of this year, a rise of 21 per cent. Exports rose by 14 per cent to £1.29bn, leaving a deficit of £1.5bn.

Demand for foreign clothes showed the strongest rise, with underwear, woven shirts, men's suits and women's coats taking the lead. Other strong sectors included carpets, fabrics and yarns.

European Community countries continue to be the major source of supply, especially for goods covered by the Multi-Fibre Arrangement, the world's accord governing most trade in textiles and clothing. The Community now supplies more than half the British imports of MFA goods. Only 35 per cent of imports came from the low-cost producers, a figure which has not changed appreciably over the past four years.

It appears that Belgium has stepped up its carpet sales to the UK this year, with a "further massive rise" reported by the confederation. The strength of sterling against other European currencies has encouraged imports from the EEC, although the pound's weakness against the dollar has helped reduce imports from the U.S.

Textile and Clothing Imports in the first six months of 1984. British Textile Confederation, 24 Buckingham Gate, SW1, £25.

Michael Donne examines the prospects for McDonnell Douglas after a policy rethink Cornering the market in tri-jet design

MCDONNELL DOUGLAS of the U.S. is now discussing with world airlines a new long-range, three-engine jet airliner, the MD-11X, that is designed to follow on the long-running DC-10 airliner and keep the company in the tri-jet market through to the end of the century and beyond.

Plans for the new airliner were unveiled at last week's Farnborough international air show, along with plans for two other major new jets—the twin-engine MD-88, a 173-seater that will be available from 1989 and is McDonnell Douglas's answer to the European Airbus A-320; and the shorter-fuselage MD-87, a 130-seater twin-jet that will be available from spring 1987, to meet growing airline demands for a smaller jet airliner.

Collectively with the other aircraft in the existing short to medium range MD-50 series (that have already logged over 442 orders and options, of which 171 have been delivered, and which continue in production) these new ventures assure world airlines that McDonnell Douglas is still strongly in the market for new orders.

Nearly a year ago, McDonnell Douglas said that it was stopping design work on new air-

liners in the tri-jet and 150-seater arena; because of the state of the world market and the unlikely prospects for an upsurge in new orders while the world economic situation remained uncertain.

The company continued to build the DC-10 tri-jet, however, in the form of the KC-10 tanker-transport for the U.S. Air Force, thus keeping that civil project alive although few new orders materialised for it.

All that has now changed. McDonnell Douglas made no secret at the recent Farnborough Air Show of the fact that a major re-think has gone on in its civil airliner division at Long Beach, California, with the result that the company is now strongly pushing itself again in world markets with new jet designs.

In the preface to its air show brochure on the new MD-11X tri-jet, McDonnell Douglas now says that "market data indicates a continuing need for tri-jet commercial aircraft. Their capacity, range and operational flexibility fit in a specific market niche that cannot be satisfied by any other airliner."

McDonnell Douglas Corporation's commitment to this versatile aircraft, enhanced by the

sustained production of KC-10s for the U.S. Air Force and by the recent sale of DC-10-30 freighters to Federal Express, assures operators that McDonnell Douglas will continue to participate in the tri-jet market.

What McDonnell Douglas is aiming at with the MD-11X is the growing number of airlines world-wide which need a very long-range airliner that does not carry as many passengers as a Boeing 747 Jumbo jet, and can thus be used on routes that would not automatically support a Jumbo, while at the same time offering highly competitive operating costs.

The company argues that a major niche in the market exists for a tri-jet, because many airlines cannot profitably make the jump from even an extended-range version of a twin-engine airliner, such as the Airbus A-300 or the Boeing 767, straight to a Jumbo.

The MD-11X tri-jet represents the logical aircraft in between. McDonnell Douglas forecasts a market amounting to as many as 500-plus tri-jet aircraft between now and 1998, with the majority being ordered in the 1990s.

McDonnell Douglas's deter-

mination to stay in the long-range tri-jet market is also bolstered by the fact that its rival Boeing would otherwise dominate most of the world's long-range airliner markets, not only with its own 747 but also its "extended-range" versions of the 767.

The only other possible contender is the proposed TA-11 four-engine jet from Airbus Industrie in Europe, which would be a long-range airliner carrying up to about 250 passengers.

Airbus Industrie's problem is not just that of finding markets for such a venture, but also convincing the West European Governments that are its shareholders that they should subscribe perhaps as much as another \$1.5bn for the TA-11's development so soon after agreeing to finance the smaller 150-seat short-to-medium range A-320.

The TA-11 may seem an attractive proposition, but few in the Western European aerospace industry see any prospect of its early launching.

McDonnell Douglas has no doubts about the market, and is pushing ahead. Currently it is securing the MD-11X with major airlines — Lufthansa is

one, but others are in North America and the Far East—and it hopes for initial launch orders later this year or in 1985.

If sufficient are obtained — say, two or three major airlines with long-term requirements for 30 or so aircraft — the company would launch the MD-11X into detailed development by next spring, with a first flight in 1987-88, and certification and initial delivery in 1988-89.

The aircraft would be available in two versions, the Standard MD-11X, carrying 277 passengers, and the stretched model with 231. Range would be around 6,500 nautical miles for the standard aircraft, and about 6,000 nautical miles for the bigger version.

Although the MD-11X will draw extensively on DC-10 design experience, it will be an advanced technology aircraft in many ways, using especially the new-generation "big thrust" engines—the Pratt & Whitney PW-4000 and the General Electric/Rolls-Royce CF6-80C2.

Extensive use will be made of the new low-weight, high-strength aluminium-lithium material and composite materials, while it will have an advanced three-man flight deck.

Letter of intent signed by Fiat Trattori and China

BY JAMES BUXTON IN ROME

FIAT TRATTORI, the tractor subsidiary of Fiat, Italy's largest private sector group, has signed a letter of intent with the Chinese Government under which it would modernise and equip two ageing tractor plants in China. The letter of intent, the fruit of negotiations which have been going on intermittently for several years, is dependent on Italy meeting a Chinese request for cheap credit and direct financial aid. China wants to borrow about \$20m at a 2.5 per cent interest rate, with an initial moratorium

on interest payments and a 13-year repayment period. It also wants more than \$10m in Italian grant aid for the project. Italian ministries are considering these requests.

The project entails Fiat Trattori modernising Soviet-built tractor plants at Luoyang, in Henan province, and at Shanghai. They would be adapted to produce 14 types of tractor in the 45-100 hp range. Spar Aerospace has signed contracts valued at more than \$5m with the China National Instruments Import-Export Corporation.

Czech technology trade with West 'in decline'

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

STAGNATION in the volume of Czechoslovakia's technology trade with the West has coincided with a decline in the technical level of Czech industrial products, according to a new study by the Organisation for Economic Co-operation and Development.

Taking licence sales as the best measure of technology transfer, the OECD report shows that in 1972-81 Czechoslovakia had on average 247 of its own licences in use abroad, earning it on average \$13m a year, and was using 403 imported licences in an average year, costing it \$55m a year on average.

This deficit in technology trade of around \$40m a year on average is nothing like as large as that incurred by Poland which, as an earlier OECD study revealed, contributed heavily to that country's financial problems. But Mr Friedrich Levick and Mr Jiri Skolka, the OECD report's authors, note that

Czechoslovakia has cut back its licence imports from the West since the mid-1970s because of its cautious attitude to running up Western debts.

Czechoslovakia, in particular Bohemia, has the longest industrial tradition in Europe. But according to official Czech statistics, the number of products judged to be of "world technical and economic level" has dropped from 5 per cent in 1970 to 2 per cent of total output in 1980.

This sorry trend occurs despite the fact that by the earlier 1980s Czechoslovakia had more than made good the losses in the number of technical researchers purged a decade earlier after the Soviet invasion of 1968.

Expansion of technology imports will be determined by whether Czechoslovakia can increase hard currency earnings or get more Western credit, the OECD authors say.

Johnson and Secometal share E. German deal

By David Brown in Stockholm

A. JOHNSON, Sweden's third largest industrial concern, and Secometal, the French process equipment company, are sharing a counter trade agreement with East Germany worth an estimated SKr 300m (£27.5m).

The project involves an extension to an existing artificial fertiliser plant, near Rosstock. A Johnson subsidiary, Johnson Construction Company, is responsible for the building contract worth SKr 100m. Secometal will provide process equipment including pipes and pumps to a value of SKr 200m. The plant is scheduled for completion in early 1985.

Under the terms of the agreement, the Johnson Group will receive in return steel, chemical and various manufactured products (including machine tools, electric power equipment and cranes for shipyard and construction purposes).

Chinese market for medical products expands rapidly

BY COLINA MACDOUGALL

CHINA has a rapidly growing market both for sophisticated medical equipment and for sophisticated drugs for which it does not have the technology, a study published this month by a British market research organisation, World Wide Intelligence, has concluded.

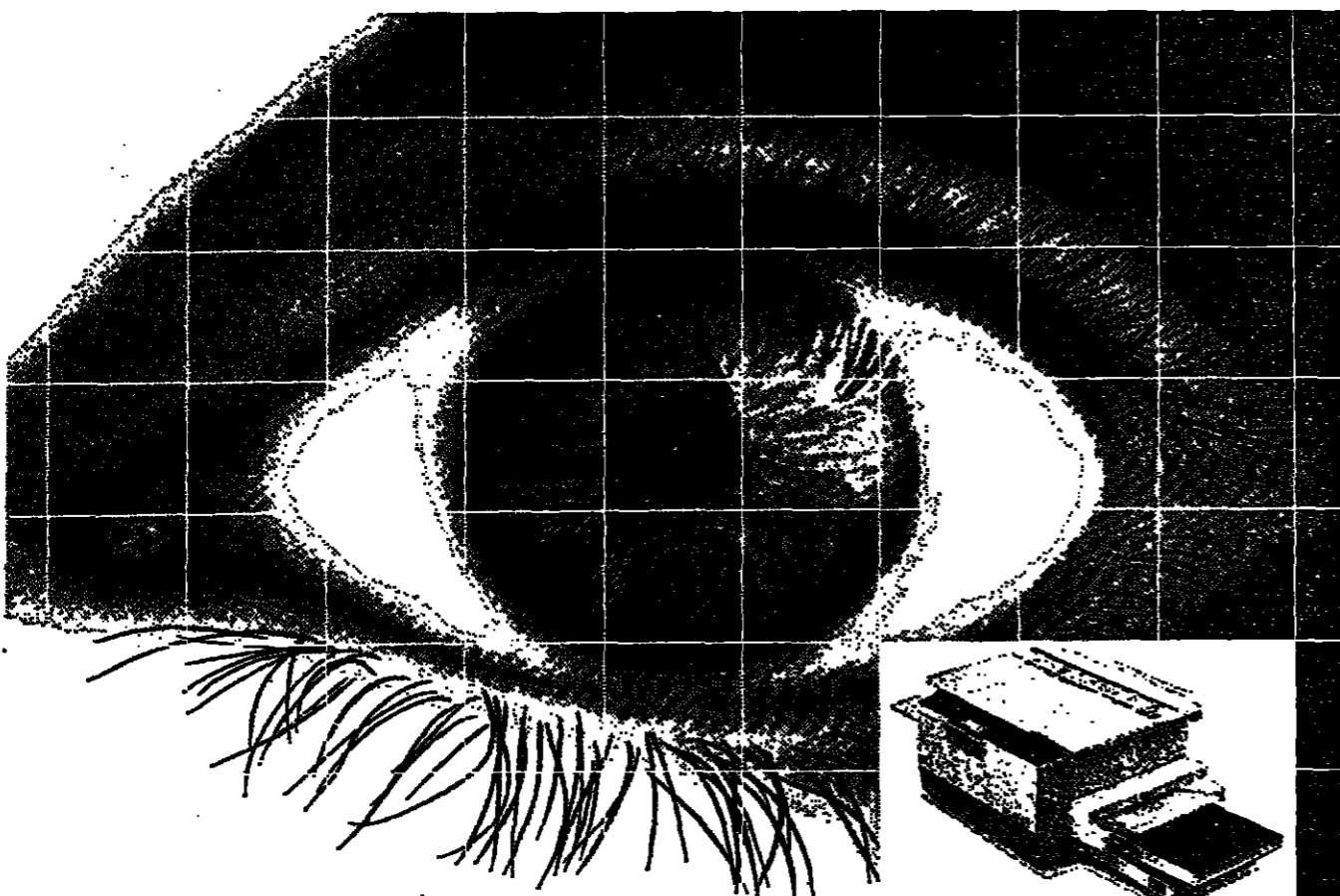
The detailed 256-page report points out that China already relies on Western nations for a sizeable proportion of its medical equipment. China's imports of such equipment from selected suppliers in the first half of 1983 reached over \$53m, compared to \$51m from all sources in the whole of 1981.

Imports of medicinal and pharmaceutical products have also shown rapid growth in recent years, jumping from over \$11m in 1981 to over \$15m in 1982. Under the present modernisation programmes, medical and health services are being

improved and this should provide further opportunities for exporters. Imports of advanced items have grown considerably in the past few years and are expected to expand still more rapidly in the future, the study says.

Several joint ventures in pharmaceuticals have already been set up to manufacture in China with Western knowhow such as the Smith, Kline and French, Laboratories venture with Tianjin Pharmaceuticals.

China is itself a large manufacturer and exporter of medical equipment and medicines, but these are mainly at the lower end of the market. Prospects and Opportunities for Medical Equipment, Hospital Supplies, Pharmaceuticals and Healthcare Services in the Peoples Republic of China, published by WorldWide Market Intelligence, P.O. Box 1, Chichester, West Sussex, UK.



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UK NEWS

Savings on energy 'should be compelled'

By Maurice Samuelson  
THE BRITISH gas and electricity industries should be compelled by law to promote energy savings more actively, thus helping to slow down the depletion rate of the country's fuel resources.

This is among several proposals made in a critique of Britain's energy conservation record to be published on October 1 by the Policy Studies Institute and the Royal Institute of International Affairs.

Its author, Dr Mayer Hillman, echoes a number of other recent reports by British MPs and EEC officials, which compare Britain's conservation efforts unfavourably with several other industrialised states, including France, West Germany and Japan.

He concludes that UK energy demand could be lowered by at least a third by adopting proven and cost-effective measures, with even more substantial reductions possible with only modest adjustments to present practices.

The Government, Dr Hillman says, should be involved in revising the statutes of the British Gas Corporation and of the electricity supply industry to bring them more in line with utilities in parts of the U.S., where they are encouraged to promote savings, rather than simply enabled to pursue this task.

Central Government has been partly successful in stimulating energy savings in commerce and industry, he says. But the least success has been achieved in adopting a policy of limiting oil and gas consumption so as to deplete energy reserves slowly enough to reflect future needs, and to permit renewable resources to be developed in time.

The study is one of a series produced for the institutes' joint energy policy programme. The programme has so far published findings about the role of the coal, oil, gas and electricity industries. Dr Hillman claims that, if conservation featured more prominently as a public policy target, the UK's self-sufficiency could be extended beyond the dates suggested in these studies.

He says the main barriers to this happening are social and institutional.

Trafalgar dismisses rival £16m bid for RGC as 'too late'

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

TRAFALGAR HOUSE, the shipping and property group which is seeking to buy a Scottish oil rig construction yard, claimed yesterday that a rival bid for the yard from a newspaper group owned by Mr Robert Maxwell had come too late.

Mr Eric Parker, chief executive of Trafalgar House, said he had a binding agreement with British Steel to purchase RGC yard at Methil, Fife, for £15m.

He was responding to an announcement by Mr Derek Webster, chairman of the Scottish Daily Record and Sunday Mail, that the company had offered £16m for the yard to diversify its interests. The newspapers are part of the Mirror Group recently bought by Mr Maxwell.

Mr Webster said that the absorption of RGC into Trafalgar House (which has a large offshore division including yards on the Clyde and Teesside) placed a question mark over the yard's future.

The sale agreement between British Steel and Trafalgar House was made pending confirmation by the Office of Fair Trading that the sale would not be referred to the

Export bar on more Chatsworth drawings

By Antony Thornicroft

EXPORT LICENCES are being withheld on a further nine Old Master drawings sold at Christie's, the London fine art auctioneers in July this year.

The drawings were put up for sale by the Duke of Devonshire and were among 71 pictures from his Chatsworth House collection which sold for £21.2m. Lord Gowrie, Minister for the Arts, last month blocked the export of three other Chatsworth drawings.

The 12 drawings will now remain in Britain for up to six months while UK museums and art galleries decide whether they can match the prices paid in the saleroom. A rescue operation is, however, thought to be out of their reach since the 12 drawings have a collective value of nearly £13m.

Overseas buyers, in particular the Getty Museum of California, were the major purchasers. The galleries and museums have six months to raise £3.5m to keep a Raphael head of a man in the UK, and the same period to match the £3.3m bid which secured a collection of drawings known as Vasari's "Libro de Disegni." Drawings by Rembrandt, Van Dyck, Rubens and Titian have had their export delayed for three months.

Museums and galleries can organise public collections in an effort to match the auction prices. Works of art deemed important enough for such an exercise are those closely connected with British history, those significant for the study of a particular branch of art, learning or history or those judged to be of outstanding aesthetic importance.

The Chatsworth drawings obviously fall into at least the last category, and the temporary ban on their export will renew criticism of the British Museum for not making enough effort to buy them when they were offered for only £5.5m.

The Old Master drawing experts at the British Museum who have now decided that the export licences should be delayed were responsible for rejecting the Duke of Devonshire's offer.

In their negotiations with the Duke, the British Museum found that it would have to invest its entire purchasing grant for one year and still raise more money in order to meet the £3.5m figure. The museum's experts say they have assessed the drawings in terms of Britain's national heritage.

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Diversification takes ICI into software

BY CARLA RAPOPORT

IMPERIAL CHEMICAL Industries (ICI), Britain's largest chemical company, is moving into the computer software business.

It is the latest in a series of moves by the company to diversify from its traditional commodity chemical businesses and into areas of higher growth and profitability. The new business will be entered through a joint venture with Isis Systems, a small UK software company that specialises in computer systems for lotteries in Western Europe. A new 50/50 joint venture to be called ISI will specialise in software products and services for major industrial sectors, such as agriculture.

The new company's first product in an expert system computer programme, called Saviour, which aids

management decision-making in a variety of industries. According to Isis and ICI, the new system will be the first to offer mass access to information through Videodata as well as provide links to established databases.

Mr Mark Rogers, group manager of ICI's Decision Support Systems Group, said sales by the new company in its first year were forecast at £500,000, with some £4m in sales projected by 1988.

"We are expecting fairly rapid growth," said Mr Rogers. "Instead of one software house gobbling up another, we've got the strength both within the joint venture and through ICI's customers to add value to our products and improve customer service."

Statoil warning over gas plan

BY FAY GJESTER IN OSLO

NORWEGIAN-OWNED oil and gas liquids terminals on Teesside, in north-east England, could be shut down in the early 1990s, with a loss to Britain of substantial tax revenue and more than 600 jobs.

Statoil, the Norwegian state oil company, warned that this might happen if Whitehall forced Norway to pipe associated gas liquids from the Norwegian Sleipner field to Flota in the Orkneys, instead of to the Teesside terminal.

Its threat is the latest development in the prolonged haggling between the UK and Norwegian governments about the sale to British Gas Corporation (BGC) of the dry methane gas from the Sleipner field.

Statoil and the BGC concluded a £20m sales agreement in February, but it has been held up by UK objections. Statoil is believed to have

made some of the revisions in the deal requested by Britain - mainly slower offtake of the gas at an unchanged price.

The Norwegians have been less willing to give in on the question of gas liquids. They point out that the liquids form no part of the Sleipner sale and that moving them to Flota by UK pipelines, instead of to Teesside by the Ekofisk line, would amount to making a "cash gift" to the UK Treasury.

Estimated recoverable reserves of associated gas liquids in Sleipner are 50m tonnes worth about Nkr 75bn-100bn (£9.9bn-9.2bn).

Statoil hinted last month that the liquids might be piped to a Norwegian terminal if Britain refused to let them be landed at Teesside. The threat to shut down the Teesside terminals is another shot in its war of nerves with Britain. It argues

that by the early 1990s the flow of oil and gas liquids from the Ekofisk group of fields will be too small by itself to justify keeping the pipelines and terminals open.

If no additional use has been found for the facilities by then - such as handling the Sleipner gas liquids - it would be more economic to close them down and buy-load Ekofisk oil for the rest of the field's life. The routing of the Sleipner liquids to Teesside, on the other hand, would ensure operation of the terminals for a further 15 to 20 years from the mid 1990s.

The pipeline from Ekofisk to Teesside is owned by a Norwegian company in which Statoil and Phillips are 50-50 partners. The Teesside crude oil terminal is owned by Norpipe Petroleum, a UK-registered firm also controlled by Statoil and Phillips.

Ferry operators admit price fixing

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SECRET price-fixing agreement between two major ferry companies, Townsend Thoresen and Sealink, was disclosed yesterday by the Office of Fair Trading (OFT).

The agreement covered prices charged to passengers in 1982 on the Scotland to Northern Ireland routes operated by the two companies. It came to light after the OFT received a number of complaints that fares charged by the two companies were the same.

The companies at first denied the allegations of price fixing but subsequently admitted that an agreement had been made. This agreement was yesterday formally

placed on the public register of restrictive trade practices in London.

Under this procedure the agreement is declared null and void and enables legal action for compensation to be started in the civil courts. Sir Gordon Borrie, director general of fair trading, also made clear yesterday that OFT intended to seek a ruling declaring the agreement against the public interest in the Restrictive Trade Practices Court.

The agreement was made between the Atlantic Steam Navigation Company, the European Ferries subsidiary which trades as Townsend Thoresen, and Sealink (Scotland). Sealink was acquired earlier this year by Sea Containers.

Although the agreement related only to 1982 the OFT has received complaints of similar price structures being adopted by the two companies on the Scotland to Northern Ireland routes in 1983 and the early part of this year.

The OFT has, however, no evidence that any other restrictive trade agreement is operating. The OFT might decide to investigate such complaints by using its powers under the 1980 Competition Act to investigate any potential practices which it feels might distort competition.

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UK NEWS

**British companies face DM 70m claim from IBH receiver**

BY IAN RODGER

THE RECEIVER of IBH Holdings is demanding DM 70m (£18.22m) from two British companies that were shareholders of the West German construction equipment group which collapsed in November last year.

The two UK companies, Babcock International and Powell Duffryn, have both denied that any sums are owed.

Heinz Wolfgang Petersen, the receiver alleges that the two companies made prior agreements for the return of part of their capital subscriptions to IBH, contrary to West German stock law.

Powell Duffryn invested DM 24m in IBH shares in October, 1979; four months later, IBH bought Powell's Hyman subsidiary for £4m in cash and the transfer of £7.5m in loans.

Powell made two subsequent equity subscriptions to IBH in 1981 and 1982 totalling DM 30m. The receiver said yesterday he was calling for the return of DM 30m from Powell. A Powell spokesman said no demand had yet been received.

Babcock subscribed for DM 92 worth of IBH shares in July, 1982, and two months later an IBH associate company, Wibau, acquired Babcock's construction equipment subsidiaries for an initial cash payment of DM 45m. Babcock said that it received a demand from the receiver yesterday for payment of DM 40m by September 30, but that it had no intention of paying it.

Both Babcock and Powell said there had been no contractual connection between their share subscriptions in IBH and the sale of their assets to it.

Earlier this month, the receiver demanded DM 137m from General Motors Corporation (GM) on similar grounds. GM sold its Terex construction equipment subsidiary to IBH in 1980. GM has dismissed the receiver's claims as "without merit."

**Hammer warning on North Sea taxes**

By Dominic Lawson

DR ARMAND HAMMER, the president of Occidental Corporation, said yesterday in London that six oilfields of about 100m barrels each in the North Sea would not be developed by his group unless the British tax regime became more attractive.

Dr Hammer said that the UK Government had been getting about 85 to 90 per cent of North Sea oil revenues. This was alright for the big fields, but "you have to give us a better tax break if you want the marginal fields developed."

In spite of these structures, however, Dr Hammer said that Occidental would be bidding aggressively for acreage in the forthcoming ninth round of UK offshore oil and gas licences.

Occidental is one of the biggest U.S. producers of North Sea oil. It discovered and operates the Piper and Claymore fields.

Mr Malcolm Ford, joint managing director of Britoil, the former exploration and production arm of British National Oil Corporation, estimated yesterday that Britain could still be self-sufficient in oil - producing 1.5m barrels a day - in the year 2020.

Peter Riddell discusses a problem for David Steel of the Liberal Party  
**A leader with something to prove**

**Merger 'likely in the long run'**

A MERGER between the Liberal Party and the Social Democratic Party (SDP) is "more likely than not in the long run," Mr David Steel, (right), the Liberal leader, said on BBC television last night. He confirmed that meanwhile he shared the view of Dr David Owen, the SDP leader, that the alliance between the parties should continue up to the next general election on the basis of their retaining separate identities.

Mr Steel, anxious to reassure his supporters that the SDP had not forced the Liberals into the role of junior partner, acknowledged his differences with Dr Owen over the long-term prospect for a merger. He made it clear, however, that these would not be allowed to prevent the alliance exploiting the continued weakness of the Labour Party.



Mr Steel is committed to politics because he still believes that the SPD/Liberal Alliance, of which he was the main architect, can be the vehicle for the realignment of British politics. He points out that the Alliance has done significantly better in both the opinion polls and in local and parliamentary by-elections than at the same stage of the last parliament.

The Liberal leader has made no secret that he wants to set his and the Alliance's sights higher - to offer an alternative government. He will use his major speech to the assembly on Friday to mark the start of what he sees as a three-year campaign until the next general election.

Mr Steel's allies say that during the first half of the year he deliberately kept a low profile. During his interview on television last night Mr Steel said he was in a different position to new leaders like Dr Owen and Mr Neil Kinnock of the Labour Party, who both had to establish themselves. He had been around as leader for eight years - he is now 46 - and could pace himself. Moreover, in the last few weeks he has appeared to be answering his critics by being much more active publicly.

This explanation is only partially convincing. Even when he has intervened, Mr Steel's comments have lacked the edge and political feel he has had in the past. Mr Steel is fed up with the comparison with Dr Owen, whom he believes had greater freedom to take policy initiatives without taking account of the susceptibilities of the party rank and file, which he himself has always had to consider.

It is far too early to say that Mr Steel has lost his political touch. It may just be that he can no longer sustain his interest all the time, particularly in the face of an at times quarrelsome party.

He is still very busy and, like many other experienced political leaders, has developed a taste for

foreign travel. He has just returned from the Middle East and has this year made trips to the Soviet Union and the U.S.

Mr Steel's assets should not be underrated. He remains the most highly-rated political leader in Britain, judging by the opinion polls, although Dr Owen has been gaining on him. The Liberal leader also remains a persuasive television performer and can still be an adept hand at in-fighting when needed.

Despite the recent criticisms, Mr Steel last night made it clear that he is "absolutely certain" to lead the Liberals into the next general election. He remains excited by the pursuit of power.

**Ministers plan tight state group controls**

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is proposing to tighten controls on the financial operations and boards of nationalised industries.

Ministers will be given powers to dismiss members of boards and to set financial objectives for the industries.

Legislation may be introduced in the coming parliamentary session to replace existing statutes affecting all nationalised industries, leading to a significant extension of the power of sponsoring departments.

The move reflects the growing impatience of the Treasury with Whitehall's complicated relationship with the industries. Ministers feel that current statutes and practice give them insufficient control over financial targets which apply to the industries and give their boards too much independence.

The intention to legislate has been revealed in a letter sent by Mr Jim Driscoll, the director of the nationalised industries' chairmen's

group, which was leaked yesterday at the Liberal Party conference. The letter, dated August 7, is based on a letter and memoranda sent to him by Mr Peter Rees, the chief secretary to the Treasury.

According to Mr Driscoll's letter, sent to the industries' chairmen, Mr Rees says ministers are considering the possibility of introducing legislation in the coming parliamentary session affecting all corporations. This would be designed to replace about 40 existing statutes in part or whole by a single statute, providing a modern statutory framework which would apply the best features of existing legislation.

Mr Driscoll reveals that ministers envisage the legislation would deal with borrowing and guarantees; but not apparently external financing limits; allocation of surplus funds; reports, accounts and audits; financial objectives; terms and appointments of board members; or restructuring and asset disposal.

**Vauxhall hit by strike**

MORE THAN half the workforce at Vauxhall's Ellesmere Port factory in North Wales went on a 24-hour strike yesterday in protest at lack of progress in pay talks.

The strike was called by Transport and General Workers' Union conveners after the company refused last week to improve its pay offer to 15,000 hourly-paid workers at Ellesmere Port, Luton and Dunstable.

The stoppage by 2,500 Ellesmere Port workers hit production of Vauxhall's new Astra model, due to be launched next month. According to the company, 200 cars with a combined showroom value of £1m were lost.

AUSTIN ROVER will today resume production of Maestro and Montego cars after a seven-day stoppage. The peace looks fragile, however, and continued production will rest upon whether 22 painters are prepared to work an extra 30 minutes overtime today.

The company issued a return-to-work call to more than 2,000 employees yesterday after talks with unions.

NATIONAL Freight Consortium (NFC) is holding talks which could lead to the purchase of Unilever's transport and distribution subsidiary, SPD. A merger would bring to-

gether the largest and fifth largest companies in the UK road freight sector.

BRITISH AIRWAYS' board is to decide next month whether to spend up to £100m on a fleet of British Aerospace 146 four-engine short-range airliners.

Lord King, chairman of British Airways, gave his personal endorsement to the aircraft yesterday after a 50-minute presentation on the 146 by senior BAe executives at the Hatfield, Hertfordshire, factory where the aircraft is assembled.

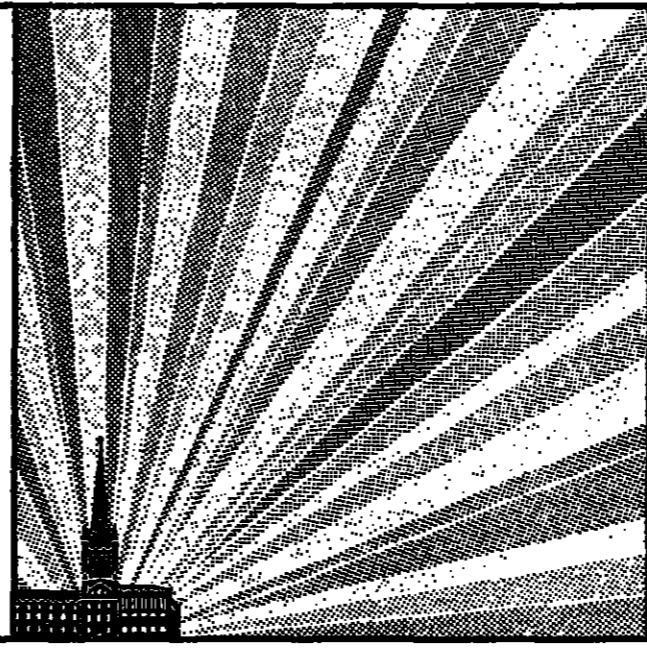
DOCKERS began drifting back to work in advance of today's meeting of the national docks delegate conference which is almost certain to call off the three-week national docks strike.

BRITISH PETROLEUM has cut the subsidies it pays to its petrol retailers in an attempt to shore up tumbling prices. The move will raise BP petrol prices by up to 7.4p a gallon. Shell and Esso are expected to make similar price rises today.

TWO STOCK EXCHANGE clerks face charges of insider dealing in the shares of Blockleys, the brick manufacturers. Charges have been brought against the 1800 Companies Act and the two men are due to appear in court at Birmingham today.

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Even the way we distribute our generous annual, special and additional bonuses is

designed to smooth out the peaks and troughs ensuring that every with-profit Norwich Union policyholder gets a fair deal. And because we are a mutual company there are no shareholders. Profits belong to with-profit policyholders only, whether they have endowment, whole life or pension policies.

**VALUE FOR MONEY**

When it comes to insuring your house, Norwich Union give real value for money. Wide cover, reasonable rates, prompt settlement of claims. For your motorcycle or car, too, we've a lot to offer. We insure a wider range of drivers and vehicles than most companies. Our extensive branch network of over 100 offices provides a local service throughout the country, which means expert assessment, advice and speedy claims settlement.

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E. T. Trust 11 1/2%	21-day deposits over £1,000 8 1/2%
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First Nat. Secs. Ltd. 11 1/2%	These Base Rates were omitted from the F.T. dated 17.9.84.
Robert Fleming & Co. 10 1/2%	These Base Rates were shown incorrectly in the F.T. dated 17.9.84, the rates shown here are correct.
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This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to the European Investment Bank (the "EIB") and the Stock. The EIB has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The EIB accepts responsibility accordingly.

Dated 18th September, 1984



# European Investment Bank

Issue on a yield basis of

## £100,000,000 Loan Stock 2004

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price not later than 22nd January, 1985 with interest payable half yearly on 22nd May and 22nd November

The Issue has been underwritten by

**S. G. Warburg & Co. Ltd.**

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**Morgan Grenfell & Co. Limited**

Application has been made to the Council of The Stock Exchange for the £100,000,000 Loan Stock 2004 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market. It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, 21st September, 1984 without documents of title and at seller's risk for deferred settlement on Thursday, 27th September, 1984.

Certificates in respect of Stock in registered form will be available after 4th October, 1984 and Bearer Bonds in the denomination of £5,000 only will be available from 23rd January, 1985, in each case against surrender of the relative letters of allotment and provided that the balance of the issue price has been duly paid, as described below.

Registered Stock, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

#### APPLICATIONS AND ALLOTMENT

All applications must be made on the application forms provided. The application list will be opened at 10.00 a.m. on Thursday, 20th September, 1984 and will be closed at any time thereafter on that day. Applications must be lodged at the Bank of England, New Issues, Watling Street, London EC4M 9AA or alternatively, not later than 3.30 p.m. on Wednesday, 19th September, 1984, at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England.

Applications must be for a minimum of £100 nominal amount of Stock and for multiples of Stock as follows—

Amount of Stock applied for	Multiple
£100 to £5,000 .. .. .	£100
£5,000 to £20,000 .. .. .	£500
£20,000 to £50,000 .. .. .	£1,000
£50,000 or greater .. .. .	£5,000

S. G. Warburg & Co. Ltd., on behalf of the EIB, reserves the right to reject any application or to allot a less amount of Stock than that applied for. Acceptances for applications for Stock will be conditional *inter alia* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 26th September, 1984.

It is expected that the basis of allotment will be announced on Thursday, 20th September, 1984. Letters of allotment in respect of Stock allotted will be either posted at the risk of the applicant on Wednesday, 26th September, 1984 or as soon as possible thereafter or, in certain cases, will be available for collection as set out in the application forms. Letters of allotment will be partly-paid and in bearer form and will be the only form in which Stock may be transferred prior to its registration or the issue of Bearer Bonds, as the case may be.

No allotment will be made for a less amount than £100 nominal amount of Stock. In the event of partial allotment, the balance of the amount accepted as part-payment will, when refunded, be remitted by cheque despatched by post at the risk of the applicant and, pending refund, will be held in a separate account. If no allotment is made, the amount accepted as part-payment will be returned likewise.

#### TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised bank or stockbroker (as defined below) taking advantage of the alternative method of payment described below, must be accompanied by a separate cheque made payable to "Bank of England" and crossed "EIB Stock", representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment, in respect of payments of £50,000 or more, is available only to recognised banks or stockbrokers (as defined below) who irrevocably engage in the application forms lodged by them to pay the Bank of England at New Issues, Watling Street, London EC4M 9AA for credit to the account designated "EIB Stock" by 10.00 a.m. on Wednesday, 26th September, 1984 the amount in Town Clearing Funds (as defined below) representing payment at the rate of £30 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

The issue of any letter of allotment, and any refund of the balance of the amount accepted as part-payment, may, at the discretion of S. G. Warburg & Co. Ltd., on behalf of the EIB, be withheld until the applicant's remittance has been cleared. Each applicant will be notified by letter by the Bank of England of the acceptance or otherwise of his application and, if applicable, of the basis of allotment. Acceptance and allotment is subject in each case to the clearance of an applicant's remittance and such notification will confer no right on applicants to transfer the Stock so allotted.

Settlement of the balance of the issue price due on 22nd January, 1985 may be made either by means of a cheque drawn as aforesaid, to be despatched to the Bank of England so as to be cleared not later than 22nd January, 1985 or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by the Bank of England, New Issues, Watling Street, London EC4M 9AA not later than 22nd January, 1985. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 22nd January, 1985. Where the holder of a letter of allotment elects to hold Stock in the form of Bearer Bonds (see "Registration and Issue of Bearer Bonds" below), such Bonds will not be available until the Bank of England is satisfied that the remittance in respect of the balance of the issue price has been cleared.

Interest may be charged on a day to day basis on any overdue amount which may be accepted at a rate per annum equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus one per cent. Such rate will be determined by the Bank of England, on behalf of the EIB, by reference to market quotations for LIBOR on the date on which the relevant payment falls due, obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture. The Bank of England, on behalf of the EIB, further reserves the right in default of payment to sell any such Stock fully paid for the account of the EIB.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979, any firm of stockbrokers or stockjobbers which is a member of The Stock Exchange, any Trustee Savings Bank, National Girobank and such other banks or brokers as S. G. Warburg & Co. Ltd., on behalf of the EIB, shall determine for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque, banker's payment or banker's draft which is eligible for presentation in the Town Clearing System in the City of London.

#### SPLITTING OF LETTERS OF ALLOTMENT

Letters of allotment may be split into denominations of multiples of £100 nominal amount of Stock on written request received by the Bank of England, New Issues, Watling Street, London EC4M 9AA on any date not later than 18th January, 1985. Such requests must be signed and must be accompanied by the letters of allotment.

#### REGISTRATION AND ISSUE OF BEARER BONDS

Until 22nd January, 1985, the Stock will be represented by letters of allotment in bearer form except insofar as holders of Stock ("Stockholders") have elected to register their holdings in advance of that date as provided for in "Registration" below. After 22nd January, 1985, Stock will be available in registered form and in bearer form represented by Bearer Bonds, in each case against surrender of the relative letters of allotment accompanied by a duly completed Registration Form or Bearer Election Form, as appropriate, and provided that the balance of the issue price has been duly paid. Stockholders may elect to hold Stock in either form. Letters of allotment must be surrendered not later than 22nd January, 1985, accompanied by instructions as to the form in which Stockholders elect to hold Stock, in accordance with the arrangements below.

#### Registration

Stockholders electing to hold Stock in registered form must surrender letters of allotment not later than 22nd January, 1985 to the Bank of England, New Issues (EIB), Watling Street, London EC4M 9AA, accompanied by a duly completed Registration Form (copies of which will be enclosed with letters of allotment). Letters of allotment may be surrendered for registration at any time in advance of that date provided that the balance of the issue price has been duly paid. Certificates in respect of registered Stock ("Stock Certificates") will be available after 4th October, 1984 and will be despatched by post at the Stockholder's risk within 28 days of receipt by the Bank of England of the relative letters of allotment and duly completed Registration Forms.

#### Issue of Bearer Bonds

Stockholders electing to hold Stock in the form of Bearer Bonds must surrender letters of allotment not later than 22nd January, 1985 to the Bank of England, New Issues (EIB), Watling Street, London EC4M 9AA, accompanied by a duly completed Registration Form (copies of which will be enclosed with letters of allotment). Bearer Bonds will be available from 23rd January, 1985 on the third working day after receipt of the relative letters of allotment and duly completed Bearer Election Forms, or after such longer period as the Bank of England may in any case specify, at its discretion, on behalf of the EIB. In order to be satisfied that the remittance in respect of the balance of the issue price has been cleared, Bearer Bonds will be available in the denomination of £5,000 only. A Stockholder who elects to receive Bearer Bonds may receive them in any of the following ways—

- by collection from the Bank of England, Securities Office, Threadneedle Street, London EC2; or
- by post at his own risk. The Bank of England will insure any package destined for an address in the United Kingdom provided that a separate cheque payable to the Bank of England is enclosed with the letter of allotment made out for £3 per £5,000 nominal amount of Bearer Bonds to be sent. Insurance rates for other countries will be quoted on request to the Securities Office; or
- by delivery to an existing account with Euro-clear Clearance System P.L.C. or CEORL S.A.

#### DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield"). The Issue Yield shall mean the sum of 0.85 per cent., and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13<sup>th</sup> per cent. Treasury Stock 2004-08, the price of such Treasury Stock to be determined by S. G. Warburg & Co. Ltd. on Wednesday, 19th September, 1984 on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. Gross redemption yields will be expressed as percentages and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and the Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries* Vol. 105, Part 1, 1978, page 18.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £90 per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to two places of decimals (with 0.005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* on Thursday, 20th September, 1984.

#### DISTRIBUTION OF PROSPECTUS

Copies of the Prospectus and application form may be obtained from—

- S. G. Warburg & Co. Ltd.,  
33 King William Street, London EC4.
- Rose & Pittman,  
City-Gate House, 39-45 Finsbury Square, London EC2.
- Phillips & Drew,  
120 Moorgate, London EC2.
- Bank of England,  
Threadneedle Street, London EC2.  
New Issues, Watling Street, London EC4.  
Glasgow Agency, 25 St. Vincent Place, Glasgow.  
Birmingham Branch, 55 Temple Row, Birmingham.  
Bristol Branch, Wine Street, Bristol.  
Leeds Branch, King Street, Leeds.  
Liverpool Branch, 31 Castle Street, Liverpool.  
Manchester Branch, Faulkner Street, Manchester.  
Newcastle Branch, Pilgrim Street, Newcastle upon Tyne.  
Southampton Branch, 31/33 High Street, Southampton.

#### PARTICULARS OF THE STOCK

The issue of the £100,000,000 Loan Stock 2004 (the "Stock") of the European Investment Bank (the "EIB") has been authorised by a Decision of the Management Committee of the EIB taken on 12th September, 1984 pursuant to a general authorisation to borrow given by a Resolution of the Board of Directors of the EIB on 24th July, 1984. The Stock will be constituted by an instrument to be executed by the EIB and dated 20th September, 1984 (the "Instrument") and deposited with the Registrar. Stockholders will be entitled to the benefit of, and be bound by and deemed to have notice of, the provisions of the Instrument, copies of which will be available for inspection at the specified offices of the Registrar and the Paying Agents referred to below.

#### Status

The Stock will be an unconditional, direct and general obligation of the EIB and the full faith and credit of the EIB will be pledged for the due and punctual payment of the principal and interest in respect of the Stock and for the performance of all the obligations of the EIB with respect to it. The Stock will rank *pari passu*, without any preference by reason of priority of date of issue, currency of payment or otherwise, with all other present and future indebtedness of the EIB for borrowed money from time to time outstanding, except for any such indebtedness incurred for all or part of the purchase price of property purchased by the EIB which is secured by a lien, pledge or other charge on such property but which otherwise ranks *pari passu* with the Stock. The Stock is not an obligation of any Government.

#### Negative Pledge

So long as any of the Stock is outstanding, the EIB will not secure any present or future indebtedness for borrowed money or any guarantee, indemnity or other surety for money borrowed by any third party by any lien, pledge or other charge on any of its present or future assets or revenues (other than liens, pledges or charges on property purchased by the EIB as security for all or part of the purchase price), unless the Stock is also secured by such lien, pledge or other charge equally and ratably with such indebtedness, guarantee, indemnity or other surety, and the instrument creating such lien, pledge or other charge will expressly so provide.

#### Redemptions and Purchases

(a) Redemption  
Unless previously purchased and cancelled or redeemed, the EIB will redeem the Stock at par on 22nd November, 2004.

(b) Purchases and Cancellation  
The EIB will irrevocably authorise and direct S. G. Warburg & Co. Ltd., or their successor as purchase agent, (the "Purchase Agent") to endeavour to purchase on The Stock Exchange or otherwise for the account of the EIB £3,000,000 nominal amount of the Stock during the period from 23rd January, 1985 to 22nd November, 1985 and during each of the four 12 month periods beginning on 23rd November in the years 1985, 1986, 1987 and 1988. In each case purchases will be made at such prices as the Purchase Agent may at its sole discretion consider reasonable in the light of then-prevailing prices quoted on The Stock Exchange and at such times within each such period as the Purchase Agent may at its sole discretion determine; provided that for each of the five purchase periods (and in each case, where applicable, the following six months), no purchases shall be made above £91, £91.5, £92, £92.5 and £93 per cent. respectively (exclusive of accrued interest and all costs of purchase). If during any such period the Purchase Agent is unable so to purchase the relevant nominal amount of Stock, the Purchase Agent will be irrevocably authorised and directed to purchase for the account of the EIB during the six months next following the expiry of that period, on the conditions set forth above and before purchasing any Stock which it shall be authorised to purchase during the next following 12 month period, Stock of an aggregate nominal amount equal to the shortfall in the nominal amount of Stock purchased during that period, provided that any such shortfall shall in no circumstances be carried forward beyond the six months next following the expiry of that period.

Stock purchased by the EIB may be applied (with all unremitted Coupons and any Talons appertaining thereto in the case of Bearer Bonds) at the nominal amount thereof against the nominal amount of Stock to be purchased pursuant to this sub-paragraph (b) in the period in which the purchase by the EIB is made.

All Stock purchased and applied in accordance with the terms of this sub-paragraph (b) (with all unremitted Coupons and any Talons appertaining thereto in the case of Bearer Bonds) will be cancelled and will not be reissued.

#### (c) Purchases by the EIB

The EIB may also at any time purchase Stock either on The Stock Exchange or on any other securities market or by tender (available to all Stockholders alike), in each case at any price, or by private treaty at a price (exclusive of accrued interest and all costs of purchase) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange at the close of business on the previous dealing day, but not otherwise. The EIB will be entitled to hold and deal with Stock purchased in accordance with the terms of this paragraph, which may be cancelled or not as the EIB thinks fit. If any of the Stock so purchased by the EIB is cancelled, it will not be reissued.

#### (d) Announcement of Purchases

On 22nd May and 22nd November in each year commencing 22nd May, 1985, the EIB will announce—

- the nominal amount of Stock purchased by the Purchase Agent or applied by the EIB in accordance with sub-paragraph (b) above during the six months ended on the immediately preceding Balance Date (as defined under "Payments" below);
- the nominal amount of Stock cancelled during that period; and
- the nominal amount of Stock outstanding at the end of that period.

#### Interest

The Stock will bear interest from 26th September, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on 22nd May and 22nd November in each year ("Interest Payment Dates"), except that the first payment of interest in respect of the period from (and including) 26th September, 1984 to (but excluding) 22nd May, 1985 will be paid on 22nd May, 1985 and will be calculated using the following formula—

$$£1 = \left( \frac{116}{365} \times \frac{30}{P} \times R \right) + \left( \frac{120}{365} \times R \right)$$

where £1 is the first payment of interest on £100 nominal amount of Stock;  
R is the percentage rate of interest attaching to the Stock; and  
P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the EIB.

#### Form

The Stock will be available in registered form ("Registered Stock") and in bearer form represented by bearer bonds in the denomination of £5,000 only ("Bearer Bonds"). Each Bearer Bond will have attached thereto on issue interest coupons ("Coupons") and a talon ("Talon") which may be exchanged for further Coupons.

#### Transfer

Registered Stock will be transferable in amounts and multiples of one penny by instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied, or by any other manner approved by the EIB and the Registrar. The Initial Registrar and Transfer Office for the Registered Stock will be at the specified office of the Registrar.

Bearer Bonds will be transferable by delivery.

#### Exchanges

Subject as provided below, Registered Stock may be exchanged in nominal amounts of £5,000, or integral multiples thereof, for Bearer Bonds. On issue, Coupons and, where appropriate, a Talon will be attached to Bearer Bonds in respect of subsequent interest payment dates. If such Stock Certificate relates to a greater nominal amount of Stock than that in respect of which application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a Stock Certificate will be issued to the holder in respect thereof.

Subject as provided below, Bearer Bonds may be exchanged for Registered Stock. An application for such exchange shall have attached thereto the Bearer Bonds to which such application relates together with all unremitted Coupons and Talons, if any, which have been issued in respect thereof. Failing presentation of all such unremitted Coupons and Talons, no exchange shall be made in respect thereof. In the case of an application received on or after the working day preceding a Balance Date, a Coupon falling due for payment on the immediately succeeding Interest Payment Date shall for the purposes of this paragraph be deemed to have matured.

Applications for exchanges may be made at any time after 23rd January, 1985 and the means by which the forms available from any of the specified offices of the Registrar, the Principal Paying Agent, the Exchange Agent and the Paying Agents. Such forms, duly completed and signed, where appropriate, by each of the Stockholders named in the relevant Stock Certificate, must be lodged at the specified office of the Exchange Agent. No charge will be made in respect of exchanges. All applications for the exchange of Registered Stock for Bearer Bonds or vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed application form.

Bearer Bonds issued in exchange for Registered Stock will be available at the specified office of the Exchange Agent on the third working day after receipt by the Exchange Agent of the relevant application form duly completed and of the Stock Certificate. Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds, and in respect of any balance of Registered Stock on an application for exchange to Bearer Bonds, will be despatched as soon as practicable, normally within six working days of receipt of the relevant application form duly completed and of the Bearer Bonds or Stock Certificates, as appropriate.

The Initial Registrar will be the Bank of England and its specified office will be the Registrar's Department, New Change, London EC4M 9AA and the Initial Principal Paying Agent and Exchange Agent will be the Bank of England and its specified office will be Securities Office, Threadneedle Street, London EC2R 8AH, or in each case, such other addresses as may be notified to Stockholders in accordance with "Notices" below. In the event of any change in the above appointments, the EIB will appoint another Registrar having a specified office in the United Kingdom or another Principal Paying Agent or Exchange Agent having a specified office in London, as the case may be, and notice of such appointments will be given to Stockholders in accordance with "Notices" below.

#### Further Issues

If the EIB wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be consolidated and form a single issue with the Stock.

#### Payments

In the case of Registered Stock, payments of interest and principal will be made in pounds sterling by means of warrants drawn on the Bank of England or on a Town Clearing Branch of another bank in the City of London, despatched by post at the risk of the Stockholder. Interest will be payable to the persons who are registered as Stockholders at the close of business on the relevant Balance Date and warrants will be made payable to the Stockholder (or, in the case of joint Stockholders, to the first-named) and sent to his registered address, unless instructions to the contrary are given by the Stockholder (or, in the case of joint Stockholders, by all the Stockholders) in such form as may be prescribed by the Registrar. The Balance Date for each interest payment will be the date determined by the Registrar, falling approximately one month before each Interest Payment Date. Payment of principal will be made to, or to the order of, the persons who are registered as Stockholders, subject to receipt from them of such instructions as the Registrar may require, together with the Stock Certificates or such indemnity as it may require. In place of payment by warrant, the Registrar may make special arrangements for the payment of interest or principal to a bank or other financial institution in discharge of instructions given by the Stockholder.

سوزا صحت اقسام





TECHNOLOGY

EDITED BY ALAN CANE

CHEMICAL GIANT OPENS \$85M RESEARCH COMPLEX

# Why Du Pont thinks big in biology

BY STEPHANIE YANCHINSKI IN WILMINGTON, DELAWARE

WITH THE official opening of a massive new research complex in Wilmington, Delaware, the American chemical giant Du Pont has sounded a warning that it intends to become a major force in the pharmaceutical business and in biotechnology.



Edward Jefferson of Du Pont: "Innovation is vital". Life sciences, including pharmaceuticals, diagnostics and agricultural chemicals, accounts for about 25 per cent. Pharmaceuticals claim \$54m, a disproportionately high sum in relation to sales.

The five-story complex, together with expansion of current research facilities, cost the company \$85m and adds over 250,000 square feet of research space for 700 additional staff dedicated mainly to the development of new drugs and agricultural chemicals.

Chairman Edward Jefferson said that "innovation is vital" in Du Pont's current strategy, its polymer and energy businesses, but that Du Pont products from basic research in the next decade will come: "not just from chemistry and polymer science but increasingly from electronics and plant and health sciences" including biotechnology.

The company, which made its money first in explosives, then polymers, currently ranks among the top ten in research spending in the world, with a budget of over \$1bn set aside to support its conventional businesses in fibres and polymers as well as its newer activities in photographic products, electronics, instrumentation, petroleum exploration and production.

"global" consequence by the 1990s.

Dr Richard Quisenberry, director of basic research at Dupont, estimates that the capital investment in life sciences made over the past year by the company, is close to \$150m including that spent on the new research complex.

At the moment, the company's pharmaceutical sales of about \$155m are dwarfed by the \$4.77bn earned last year from fibres although the company plans to launch a new longer lasting drug for treating drug addiction, which it expects to be a commercial winner made by conventional chemistry.

Meanwhile, by far the largest proportion of Quisenberry's budget for life sciences will be dedicated to a wide-ranging research programme for finding new drugs.

Dupont's scientists will tackle many of the major Western diseases, including cancer, atherosclerosis, and other forms of heart disease, high blood pressure, arthritis, and brain disorders such as senile dementia, the Alzheimer's disease, which afflicts intellectual deterioration on millions of Americans, young and old.

The new complex is equipped with the latest in computer software and hardware for molecular modelling, high-powered laboratory equipment

resonance, and X-ray crystallography for "picturing" the structure of complex molecules such as proteins, and the latest in genetic engineering technology.

It includes at least five high security facilities for the most dangerous experiments. There is a wing for housing 21,000 animals for testing new drugs.

Together these technologies will help Du Pont's scientists "design" new drugs in a much more rational way, based on the knowledge gained from basic research in the largely unexplored territories of neurobiology and immunology.

The company already sells one biotechnology product, a test based on monoclonal antibodies for detecting a drug used to treat asthma in the blood. The test is adapted for automated use in Du Pont's current line of machines for clinical analysis, and costs \$3.00 a test.

In collaboration with Biotech Research Laboratories, Inc, a biotechnology company acquired by Du Pont, scientists are developing a diagnostic kit for AIDs.

Agricultural chemicals represents another major area for investment at Du Pont. In 1982 the company launched a new type of herbicide called Gleaz so powerful it could be applied in teaspoon quantities,

such as nuclear magnetic yet harmless to man and his animals.

Research within the company is currently aimed at producing crop plants resistant to Gleaz. They already have a Gleaz-resistant tobacco, produced by conventional breeding techniques. Du Pont's scientists have succeeded in isolating the gene responsible for this resistance in plants and have "cloned" it in bacteria.

The next step is to find a way of inserting the gene into crops such as soybean. Another target is to study how food crops use sunlight and carbon dioxide, in order to find ways of regulating plant growth and increase food production perhaps through new types of chemical regulators.

The company is also looking into developing new kinds of plants more resistant to certain diseases, fungi and pests, again, the company says, to aid in the search for new chemicals.

Dr Dale Wolf, group vice-president for Du Pont's Agricultural Chemicals Department, denies the company is going into the seed business, as he thinks there are too many seed companies already. Nevertheless, he admits that it depends on "how the research develops, keeping in mind the best way to put an invention on the market."

POLYMER SCIENCE

## Molecule chains test water purity

LONG chains of molecules curled into tiny spheres are at the heart of a novel system for testing water purity. These complex molecules, a kind of polymer, have been developed by Applied Polymers Systems Inc (API), an 18-month-old U.S. company.

API hopes that the molecules will replace existing testing methods. The market potential is more than \$200m a year in the U.S. The molecules, less than one thousandth of a millimetre in diameter, are suspended in pure water and this suspension becomes the calibration standard. It measures the turbidity of the water which is an indication of the water purity.

Testing equipment has to be constantly calibrated. Existing machines use a highly toxic substance called Foramin as the standard. It is unstable and new mixtures are frequently needed. API says that its suspended molecules are more stable and so last longer.

Another U.S. company, the Biochemical Research and Development Corporation (Biochem) is also trying to break into the water treatment business. Its founder, Dr John Porter, isolated bacteria which can be used to treat waste water and industrial effluent. Biochem says that its bacteria break down organic materials

faster than other types in commercial use.

Biochem's bacteria have been tested in the U.S. for many years. Now the company is trying to market the product overseas, so far the going has been rough.

In contrast, API has made inroads with its polymer spheres. In water testing industrial concerns including IBM, Amoco and Shell Chemicals as well as several U.S. water authorities have adopted API's system.

But the molecules may find a use in cosmetics and medicine. API and a so far unnamed cosmetic company is developing skin care products using its novel polymer. The polymer spheres can hold substances within their chains and release them in a controlled way. These materials could be moisturisers, scents, and perfumants or sun creams. The benefit would be that the skin products would work longer.

In medicine this ability to hold substances is being exploited in diagnostic tests, protein purifications for biotechnology products, for example. Protein purification is a market expected to be worth \$500m by the end of the decade. API is not alone in this market, however. Pharmacia, the Swedish pharmaceuticals group, has competing production based on tiny sugar spheres.

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Communication  
**Computer networks**

THE ISLE of Man Government has installed a computing system based on a EInet local area network to link its Boards (Ministries), departments and public services.

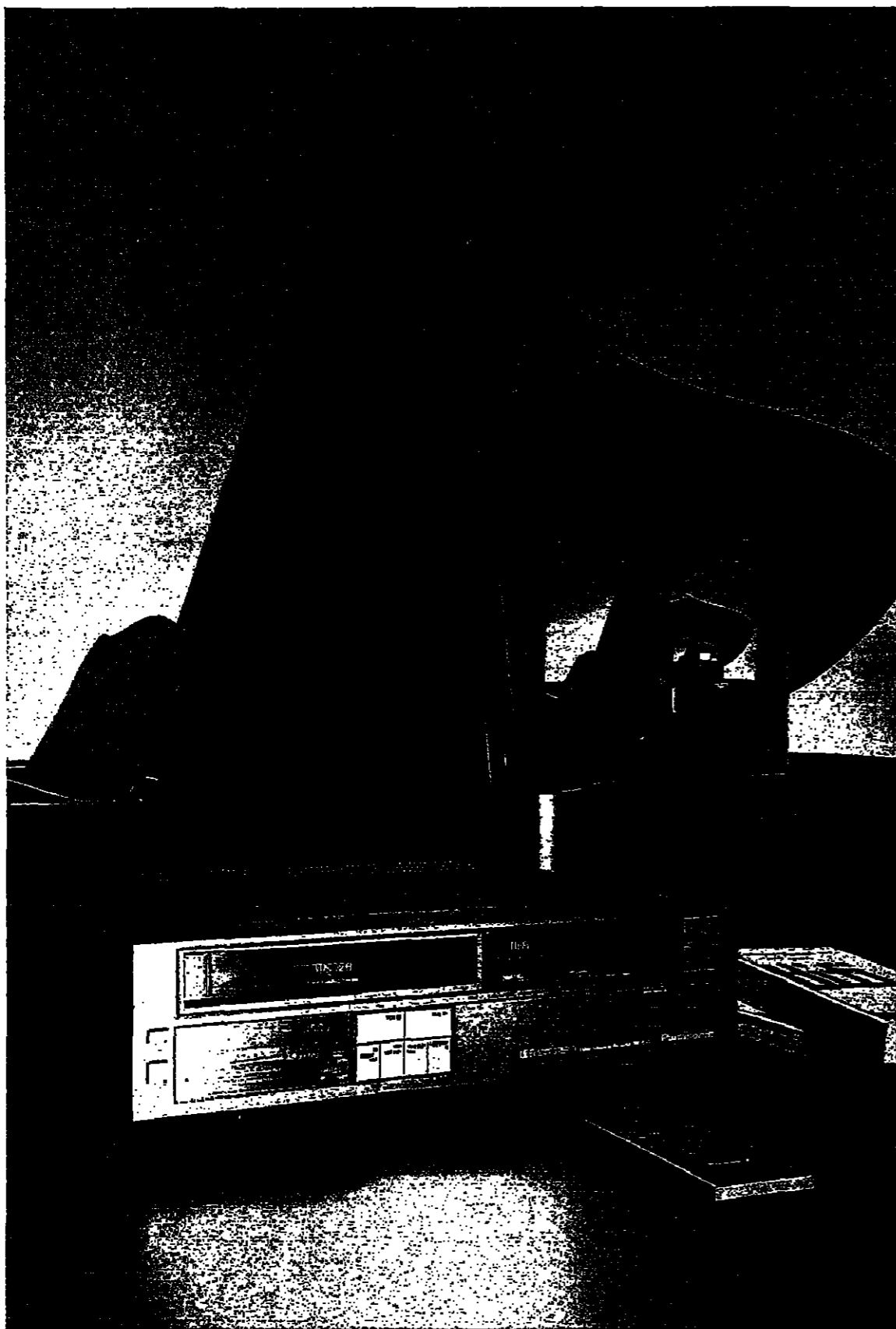
Built by Digital Microsystems of Wokingham, Berks, the network was installed by Xenon Computer Systems, who also developed communications software to link the network into the Manx Government's Sperry 1100 central computer.

The network embraces such offices of those of the Attorney General, the Highways, Parliament House, and also the police, harbour authorities and the fire services. It is claimed to be one of the most departmentally integrated systems yet implemented by a western government.

Further links are planned to Eurolex, the EEC computer system for storage and retrieval of Community law data and to the House of Commons library system at Westminster.

Matsushita in Video Technology

# HI-FI VHS BY PANASONIC. CONCERTS AND MOVIES WILL NEVER SOUND THE SAME.



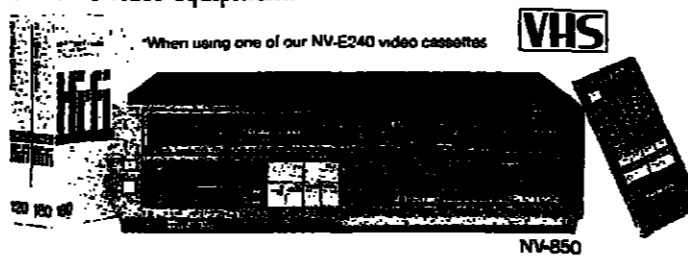
The new Hi-Fi VHS audio system in our NV-850 video cassette recorder offers true high fidelity sound reproduction. Profoundly superior to the conventional VTR. And better even than almost all audio cassette or open reel decks. In fact, this versatile video component, equipped with audio level meters, can double as a hi-fi audio deck capable of 4 uninterrupted hours\* of brilliant recording.

Panasonic Hi-Fi VHS employs two rapidly rotating audio heads on the video head cylinder, in addition to a conventional fixed audio head, to produce a relative tape-to-head speed more than 200 times faster than the fixed head design. And we have adopted a new FM (Frequency Modulation) conversion method for sound recording. Quite simply, the increase in tape-to-head speed and the FM conversion method create a tremendous improvement in sound quality when Hi-Fi VHS is connected to your audio system.

The specs speak for themselves. Hi-Fi VHS boasts a greatly extended, flat frequency response of 20Hz-20kHz (DIN). And an extremely wide dynamic range of more than 80dB.

The thrilling sound of Hi-Fi VHS is the perfect partner for Panasonic's celebrated VTR picture performance. The NV-850's innovative 3-video-head system delivers completely clear, jitter-free playback in our Super Still mode. A rugged, one-piece aluminium die-cast chassis that provides optimum contact between video heads and tape, and our famous quartz-locked direct drive motors that perform with incredible 99,999 percent rotational accuracy—both original developments—form the foundation for this rock-solid picture quality.

Performance like this doesn't come easily. It's the product of a huge commitment to R&D from Japan's largest consumer electronics group, Matsushita Electric. A commitment that's made us a frequent source of new video technology and the world's leading manufacturer of home video equipment.



**Panasonic**  
Matsushita Electric

For further details please contact: Panasonic U.K. Ltd., 300/318 Bath Road, Slough, Berks SL1 6JL. Tel: Slough 34522.  
Your attention is drawn to the fact that recording pre-recorded tapes or discs or other published or broadcast material may infringe copyright laws. TV picture simulated.

## How Ireland is building up its film industry

Video & Film

BY JOHN CHITTOCK

ANY COUNTRY which aspires, in the 1980s, to economic prosperity without cultural decline will give high priority to two indigenous industries: electronics and the film industry. The first, with its accelerating growth, is a natural target for the emergent countries; the second — a loss-leader — is nonetheless still regarded as an important cultural catalyst in a nation's society, a flagship no less important than the national airline (also, often, a loss-leader).

One country now tackling such priorities has already achieved, in the electronics industry, a compound growth in exports of 33 per cent per annum. Its film industry, like so many others, is ailing — but the decline in cinema-going is slowing down and still manages three and a half cinema attendances per capita per year (over three times that of Britain).

The country — with overall exports per capita twice those of Japan — is Ireland. Electronics manufacture now has a significant base in the country, and the government's development agencies are showing a special interest in video as another possible industry to attract into Ireland. At last year's VIDCOM in Cannes, an Irish representative was there surveying possibilities for the export of Irish hardware for the video industry. And in Dublin it is already possible to see examples of video technology in use which equal, in sophistication, some of the latest ideas in the Western world.

Nonetheless, in its burgeoning electronics industry (over 300 companies) video is barely represented and this must suggest a potential boom area for the attention of the government: with an effective rate of corporation tax of only 10 per cent on qualified manufacturing companies — plus 100 per cent capital allowances — the incentives are there. The workforce is predominantly young — 50 per cent of the population under 25 years of age — and the country has an extraordinarily vigorous industrial training organisation (Anco) which itself is a very sophisticated user of video.

Anco is now in the early stages of equipping a number of training centres in Ireland with optical video disc players interfaced to Digital Corporation computers. These will provide advanced interactive training systems of a kind not often seen in the UK. In their preliminary trials, Anco have been using an American NTSC Sony disc player, linked where appropriate to a large screen video projector.

The projector is one of the few video products at present made in Ireland, but nonetheless it happens to be one which has already established an excellent reputation overseas — the Hi-Beam. Dublin based Videpro International Products have designed, engineered and manufactured this system which can yield 24 ft wide pictures of a quality at least as good as the best of medium-priced competitors; arguably better.

Some measure of the confidence enjoyed by Hi-Beam is reflected in Rank taking the UK agency for the projector through their newly-named company Rank Videpro Systems. Although the obvious markets for this are pubs, discos and conference halls, the computer business is also turning out to be an important outlet too. The Hi-Beam is available in a version capable of receiving the alphanumeric output of a computer — some projectors are unable to do this — so that large groups of viewers can be presented with computer displays. This is of particular importance in training applications.

Such activity may seem a far cry from the film industry, but there is a common strand that could run through these Irish media initiatives. The thrust to establish a substantial manufacturing base, especially in electronics, comes hand-in-hand with a determination to preserve Irish culture — which is why the preservation of a film industry in the country is regarded as important.

And most film industries in most countries today rely on related video activities to provide their bread and butter. When a government gives great priority to both of these industries, it promises perhaps an interesting synergy. Add to that a huge investment in industrial training — the catalyst of expansion in the new media — and it begins to look very interesting indeed.

The environment in Ireland could be thus ripe for an unfettered marriage of media interests. Coincidentally, its Irish representative also has the opportunity to be amongst the most discriminating in the world — with not only one cinema seat for every 55 people in the population (Britain has one for every 94) but in some areas the choice of six quality broadcast television channels: two from Radio Telefís Eirísa, plus BBC1, BBC2, ITV and Channel Four.

The preoccupation with feature film production will not go away, however, even if RTE and Channel Four now offer more potential for the creative Irish film-maker than the cinema. The Irish Film Board has helped in the financing of five feature length films since its was set up in December 1980. And the saga of Ardmore Studios, established originally to attract feature production to Ireland, is still not over; after financial troubles and closure, it has now been taken over by a foreign buyer with intentions yet again of turning it into an international production centre.

The Irish Film Board does however recognise that facilities and skilled technicians do not make a film industry — the creative entrepreneurs, the producers, prepare the seed bed. Now, aided by Anco, the board is preparing to train 20 or more feature film producers.

The board may have a problem in its policy to encourage films which are peculiarly Irish. Commercially, results already indicate that the viewing public may find little interest in Irish themes. But this important tradition of film-making may well undergo a catharsis as "the young Europeans" (the Development Agency's slogan) start to infiltrate the business — with the new cultures of video, computers and television in their blood. Sad, perhaps, for those of us whose first love has been the well-crafted film — with many excellent Irish examples in the memory — but that is the way of the world for those who wish to survive.

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## CONSTRUCTION IN SAUDI ARABIA

Finn Barre and Michael Field on the problems facing a Saudi-American contractor

# The stranded workers of Carlson Al Saudia

THE abandonment of work by the Saudi-American contractor, Carlson Al Saudia, has left close to 3,000 Filipino, Pakistani, British and American workers stranded in Saudi Arabia without pay. They are surviving on handouts from sympathetic companies, foreign government organisations, including the U.S. Army Corps of Engineers, and underground Christian groups. Carlson Al Saudia's management, meanwhile, has left the country.

The concern is by far the biggest and most famous contractor to have abandoned operations in the Kingdom since the Saudi Government started to delay payments to contractors last year.

The company had been working on several projects, the biggest of which was a \$135m contract to build 416 villas at the King Saud University, near Riyadh. The villas are an independent part of the KSU project, which is worth \$3.4bn. The university itself is being built by a joint venture of Bouygues of France and Blount of the U.S.

Other Carlson Al Saudia sites are at Hofuf, Dhahran and Jubail in the Eastern Province.

Late payments are an unpleasant reality for all contractors but many companies are weathering the problem. For others the delays are proving more damaging. The Shobokshi group has asked for the restructuring of \$400m of loans associated with three projects.

### Blasting delay

After it had begun building the new Riyadh-Dammam highway it discovered that the route needed blasting. Securing permission to use gelignite, a sensitive and bureaucratic process in Saudi Arabia, set the com-

pany up to eight months behind schedule.

On another project, for a new headquarters for the Ministry of Public Works and Housing, delays were incurred when the site was discovered to be based on solid rock. Here blasting was out of the question because the Ministry had to be built on Airport Road, Riyadh, next to the Ministry of Defence. The company had to import further gangs of Pakistani labourers and arm them with pick axes.

Carlson Al Saudia is a different case altogether. The company has suffered appalling cost over-runs in ways which are typical of contracting in Saudi Arabia.

When Carlson Al Saudia began work in the Kingdom it was owned 75 per cent by the Carlson Group of Boston, one of the biggest contractors in New England, with a reputation for efficient bidding. After the Saudi subsidiary's losses became serious, Prince Saud bin Fahd, one of the King's sons and the company's partner, and other Saudis recapitalised the company with Saudi participation at 60 per cent and the Carlson stake at 40 per cent.

On the KSU job, the Carlson management in Boston says that it completed 55-60 per cent of the work, calculated on the basis of costs incurred balanced against expected total costs.

The company has billed the University for \$61m (45 per cent of a contract value of \$135m) and has received \$50m. Part of the balance of \$11m has been retained by the University for allegedly unacceptable work.

The reluctance of consultants, or clients, to commit themselves to put a signature promptly on necessary documents—is one of the hazards faced by most companies working on big projects. In Carlson's case the delays heavily increased its labour costs.

At a later stage the University delayed approval of parts of Carlson's completed work.

Together these problems forced Carlson to perform work out of sequence. Much of the work that was brought forward was relatively low value. The company says that its billings do not reflect the true picture of work completed because there is some \$21m of work for which it is not yet entitled to charge.

### Late payment

In addition to these technical difficulties there was the problem of late payment. Before December last year, the University was not too far behind in its payments. In the first five months of 1984, however, it paid hardly anything. In May and June it disbursed some further cash.

Because the University (in the way of Saudi Government agencies) never acknowledged that it was having difficulties in making payments, the company could not predict when it might receive more money and could not make proper financial plans.

Carlson Al Saudia left debts at the KSU site of \$26m. If the company were to return, it would incur a further \$7.10m of costs in paying off its labour.

Other contractors have been asked to take over the KSU job, but so far they have declined. Carlson's data indicates that completion will cost an additional \$107m, suggesting a total contract cost of \$168m. Others say that even this expanded figure is optimistic. One contractor estimates that the total project cost, including all Carlson Al Saudia's debts, may run as high as \$255m.

Carlson Al Saudia also ran into difficulties on a job it purchased from the Saudi firm Al Bisha. That firm had won the telecommunications centre con-



Working, unlike Carlson Al Saudia's employees

tract at Jubail. Because of Carlson's problems, Al Bisha assumed control of the contract in July.

It is believed in Saudi Arabia that Prince Saud bin Fahd, the company's main partner, is trying to sort out the problems left behind by Carlson.

### Powerful prince

Since Prince Saud is an extremely powerful prince, whose questions cannot be brushed aside, the Carlson affair may prove embarrassing for people outside the company before it is sorted out.

In the meantime, the stranded workers survive as best they can in Saudi Arabia. Workers are supposed to receive first payment from any company that closes its operations.

The Asian workers, referred to by Saudis and Westerners as Third Country Nationals or TCNs, will suffer even if they get tickets home, because many of them invested months of wages to secure jobs in Saudi Arabia. The few remaining Westerners out of Carlson Al Saudia have to avoid the Saudi police, as they seek to imprison them for debt.

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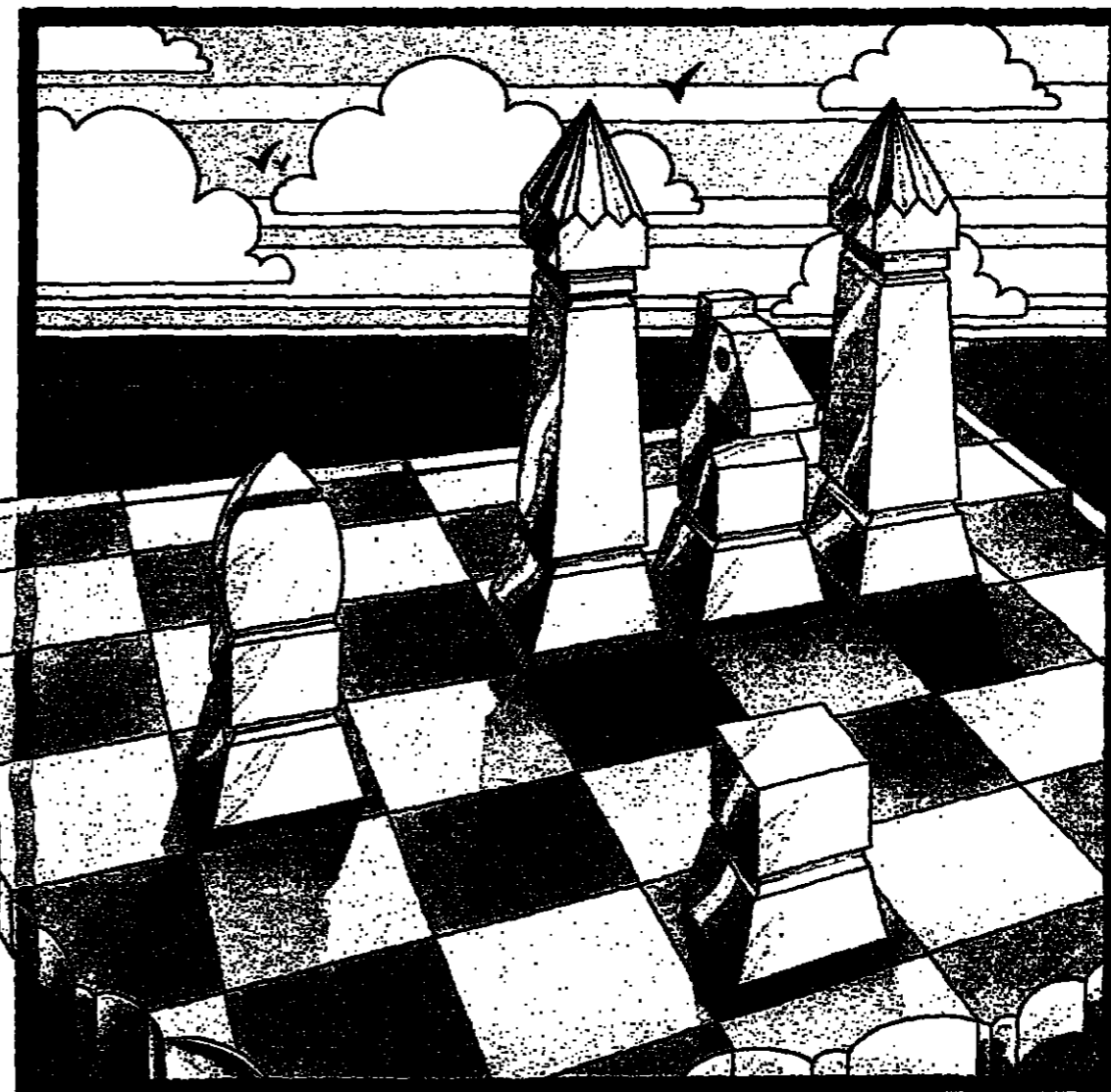
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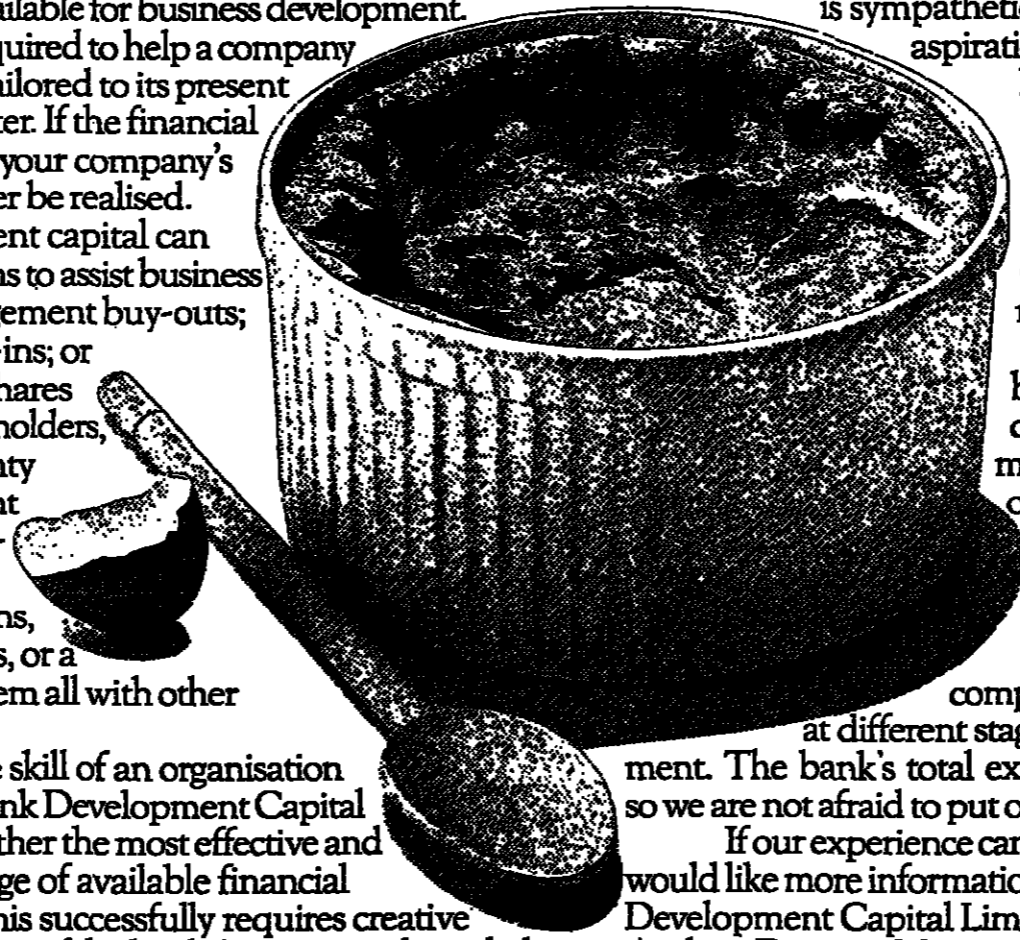
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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Premises

A shared way to growth

A NINE-HOLE golf course is planned for the adjacent site—but according to those who have created the Harlow Seed Bed Centre that is the least of its attractions.

The key feature of this unusual property development in Essex—a branch of property entrepreneur Malcolm Hazell—is the way it has been tailored to suit the special requirements of start-ups and established small firms.

Traditionally, City of London financial institutions have been reluctant to invest in this sort of project because of the high risks and poor covenants associated with new companies and the generally modest specifications of properties involved. But the Harlow Seed Bed Centre is the second of its kind inspired by an organisation called the National Federation of Industrial Associations (NFIA)—has been designed to overcome many of these reservations.

Units range from 240 sq ft to just over 2,000 sq ft and are designed so that small businesses can rent the space they need initially and then "graduate" to larger premises as they expand. The cost of services such as tele, photocopier, microcomputer and restaurant facilities are shared, thus enabling businesses to gain access to equipment they would not otherwise be able to afford; and tenants will be able to come and go on an "easy in, easy out" basis with no long-term obligations and just one month's notice required.

This concept of shared services—and an environment in which small businesses under one roof can feed off each other and thereby improve their chance of survival—is certainly not unique. What is more original is the NFIA's role in forging mutually beneficial property partnerships between the public and private sector and its vision of a network of local Seed Bed Centres linked loosely to a nationally based "parent" organisation.

Set up as a co-operative in 1981 by 56-year-old Hazell, the NFIA's aim is to demonstrate that property managed small workshops units can not only reduce the inherent risks associated with small firms, but at the same time earn a commercial return for the institutional investor.

Essentially NFIA acts as the catalyst, bringing together



Malcolm Hazell: property partnerships

financial institutions which have the money and local authorities which have the land, the political incentive to create new jobs and (above all) the ability to provide rental guarantees in the early years.

Thus the Seed Bed Centre at Ilkeston in Derbyshire—the NFIA's first site which opened earlier in the year—has been acquired by the Prudential Assurance Company for £1m, with Erwash Borough Council taking an over-riding lease.

While the Guardian Royal Exchange insurance group has set up the £1.5m required to build the Harlow Seed Bed Centre, Harlow District Council has stepped in with a guarantee of 50 per cent of the rents for the first six years.

Under the NFIA "model" Seed Bed Centre management is carried out by a local non-profit making association (established as a friendly society) in which all the interested parties (NFIA local council, estate agents and tenants) have members.

Jeff Austin, Harlow's forward planning officer, explains that his council's enthusiasm stems directly from its desire to replace jobs lost over the years in manufacturing. Harlow, in fact, being conveniently located off the M11 within an hour or so of central London, has successfully attracted high technology businesses, including the fast-expanding STC and IFT.

But, as Austin points out: "No community should be over-dependent on big firms and so we are keen to encourage small businesses as well.

"Being a new town we haven't got a lot of these small units

in the area but we believe there are probably a lot of people using their garages or working away from a room in their house who could benefit from a move."

Austin says that about 20 per cent of the space has been pre-let (mainly the bigger units) and is confident that local publicity from a forthcoming small business competition, the efforts of local agents, the support of the local Department of Trade and Industry Small Firms Centre and the contacts of the local enterprise agency will quickly result in more enquiries.

He admits, on the other hand, that the Seed Bed Centre concept is not without risks and "hand holding" as part of the assistance package.

Ironically, just as the NFIA concept is beginning to gain wider acceptance, Government policy is jeopardising future Seed Bed Centre development.

For while Hazell reports proudly that scores of local authorities are now studying his ideas and have commissioned feasibility studies for projects in their areas, attracting further financial support from the City of London is proving much harder following the decision to phase out the specially generous 100 per cent Industrial Building Allowance for units of under 1,250 sq ft.

As Tim Mills of GRE points out: "IBAs have made this sort of project much more attractive for us by reducing the risk. We would have to think very seriously about doing the same thing again without the tax advantages."

Hazell understandably is keen to play down the impact of the change and points out that a tax-exempt pension scheme which does not benefit from the IBA—is financing a new Seed Bed Centre in Wembley, North London. (The other one currently under construction is at Aston, Birmingham). "I admit that the ball is not in our court," he adds, "but we've learnt a terrific amount and I am convinced that when you look back in three years' time these centres will be showing good rental growth."

Tim Dickson

TRAVEL 150 miles east from Rome, beyond the stark beauty of the Gran Sasso Mountains, and you will find along the Adriatic coast an unusual and highly successful experiment in small business development.

In the valley known as the "Val Vibrata," which runs for 15 km along the coast of the region of Abruzzo and 20 km inland toward lush green hills, a self-generated incentive programme is underway. The programme, managed by the 18-month old Val Vibrata Development Association, is unusual because it includes no fewer than 1,602 small businesses, a number of them sufficiently tiny and submerged to be considered part of Italy's "grey economy."

These clothing makers, leather goods manufacturers and furniture factories cover 12 villages, employ 11,430 workers (out of a local population of 60,000) and last year managed to generate a combined turnover of around £1,060bn (U.S. \$579m).

Among the tiniest companies are family piece-workers who may employ five or six workers in the downstairs of their houses while living upstairs.

The achievements of these industrious families are considerable: in a region which until 10 or 15 years ago was mostly agrarian they have created modest wealth, obtaining contracts from famous-name houses such as Valentino, Krizia, Adida, Fiorucci, Benetton, Versace and others.

The former peasant farmers-turned-entrepreneurs are not content to do "façon" or subcontract work for the big names. In an area where mother and father, sons and daughters all pitch in to work six and seven day weeks. The aim of every proud small businessman is to "work for my own account." And this they are doing successfully and with the aid of Italy's Cassa per il Mezzogiorno, the Southern Italy Development Agency.

Now a number of the locals, returned from a recent visit to London, are hopeful of orders for knitwear and leather bags from Harrods, John Lewis, Burberry, Austin Reed and Burtons. They are already exporting to America, Canada, France, West Germany, Belgium, Greece and Spain. They are sending a representative to China to discuss a deal with Peking. They have received a 24-man delegation from Tokyo and are negotiating a grain-for-knitwear barter deal with Hungary.

For a recently backward valley in the Abruzzo region of Italy, the men and women of Val Vibrata are exceptional.

The development of Val Vibrata is an example of what Cassa Per il Mezzogiorno and the IASMI consulting agency for the south call "a new type of

Italian entrepreneurship

A programme of self-generated industrial intervention

Alan Friedman explains how an agricultural region of Southern Italy has sought to establish a light manufacturing base

industrial intervention," instead of throwing money at the poor regions of the south and building uneconomic "cathedrals of the desert" as has been the custom for the past 34 years, the new type of intervention involves a concentration on specific projects where the businessmen have banded together.

Over the past 10 years the Val Vibrata has invested around £1,060bn (U.S. \$55m) a year, two thirds of which has come from Cassa grants and subsidised loans. To understand the degree of light industrial development in the Val Vibrata, consider this: in 1981 there were 74,000 agricultural workers in the province which includes the valley. In 1981 the number of agricultural workers was 19,000.

Other statistics also tell the story: between 1976 and 1980 some 4,000 jobs in the valley were created. Of the 1,602 companies in the valley 168 have been created since 1976. It would, however, be wrong to attribute the growth of the Val Vibrata to government assistance alone.

The success of the Val Vibrata stems in part from the artisan tradition of the local people. Antonio Angelini, a local knitwear manufacturer who is president of the Val Vibrata Development Association, explains it this way: "Our people have lived off the land and have traditionally been handy at crafts. I know makers of bags who always made bags for their farms. Why shouldn't they use these skills to manufacture bags and export them?"

Likewise, a number of the local trouser and shirt manufacturers were originally tailors. From being tailors they began taking on piecework and then hired family and friends to create their own products.

The origins of the success in the Val Vibrata lie in the black economy. But now a majority of companies pays taxes and the more accurate term for some companies would be "grey economy" or partly submerged. The formula for investment is tripartite: companies can claim up to 30 per cent of new investments in subsidised loans (an interest rate of 7-8 per cent, half of the Italian Prime). A further 40 to 48 per cent can be obtained as outright grants. The balance comes from cash flow or from normal bank loans (at over 20 per cent interest).

Now that the Cassa per il Mezzogiorno has been put into liquidation by the Craxi Government there are large question marks for several local companies. A new form of aid will be constructed, but the delays in dispensing funds could be painful.

Take the case of Italo Rosati, whose Ken's Club shirt factory is a small wonder of automation and efficiency: he started the business 10 years ago and now has 15 employees and annual sales of £6bn. He produces 2,000 shirts a day in his factory and has financed his capital expenditures through government grants, loans and through leasing deals with local banks.

Rosati's total investments in computer terminals and shirt-making machines have cost

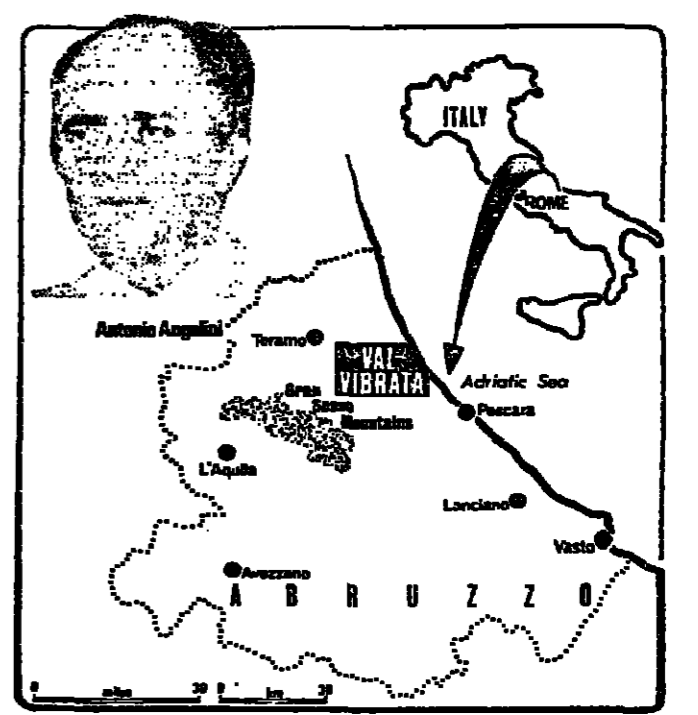
£1.9bn (US\$1m). Three-quarters of the funds came from subsidised loans and grants. But he is still waiting for £280m of grants to come through and is having to borrow from banks at interest rates of 20 per cent as bridging finance.

Rosati's profits this year will be £300m (\$64,000), but one fifth of annual earnings is consumed by interest charges on the bank loans. Already the grant from the bureaucratic Cassa is over a year late. If, as seems likely, it takes time for the Craxi Government to constitute a new development agency, then it could be another 18 months or two years before the grant money comes through.

Nevertheless, miracles have happened in the Val Vibrata. Mario D'Eustachio started out as a maker of bags and luggage. Now his Euroflex company is one of the giants of the region, with £10bn of turnover, 180 employees and the ability to spend \$100,000 for an Olympic sponsorship concession. This he did last year and generated five times as much in orders.

D'Eustachio says the work of the Val Vibrata Development Association goes beyond mere government aid. "We are trying to put pressure on the politicians to provide basic services beyond finance for industry. We need a technical college for our children, we need better roads and services. This was a 100 per cent agricultural zone after the last war. We have made progress, but we need to do more."

Angelini agrees: he has put to-



gether a five-year plan for joint marketing of products, a joint computer network with client information and other data and is hosting numerous seminars for Italians and foreign buyers.

Angelini, oddly enough, is a Communist Party member, but he sees no contradiction here: "I'm a communist but I'm interested in developing our industry. I'm interested in the wider world" and then, with a glint he stares at the palms of his hands and adds: "I'm also interested in making money."

So is Ivo Giovannelli, who employs 14 workers in the basement of his modest house in the valley. Giovannelli worked as a chauffeur in Berlin for 10 years and then he returned to his native Abruzzo. He teamed up with a family friend and they started sewing leather bags at home. Then he met a commercial traveller from Germany who was holidaying on the coast nearby. Now most of his £400m (£219,000) of annual sales are in Germany.

Traditions of craftsmanship, an ability to produce quickly and flexibly, government financial incentives, joint marketing at home and abroad—these are the surface ingredients of the success of the Val Vibrata. But behind it all there is something else, a factor which may limit the application of the Val Vibrata lesson in other countries. This mystery factor is no mystery at all: it is an incredible industriousness, even a daring on the part of the proud and solid Abruzzesi. It has worked.

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**A** CROW PLC, for many years one of Britain's leading engineering firms, has gone into receivership. And as a consequence, many world renowned businesses which were operating under the Acrow plc umbrella are now available for purchase.

Set out below are outline details of the businesses together with the Joint Receivers who may be contacted at Cork Gully (address below) for further information:

#### COLES CRANES LIMITED



Coles Cranes, which celebrated its centenary in 1979, is Europe's leading manufacturer of mobile cranes. The major proportion of Coles' production is exported through the company's worldwide distributor network, which provides a uniquely comprehensive after-sales back-up. Allied to this is a valuable international parts and service operation.

The firm is based in Sunderland and Grantham with sites of 99 acres/880,000 sq.ft. of floor space and 10.5 acres/140,000 sq.ft. of floor space respectively. Year end March 1984 turnover was £56 million, and the firm employs 1300 people in the UK, France and Germany.

The company has won Queen's Awards for export and technology and is a Ministry of Defence approved contractor.

Coles' product range includes cranes ranging in size from 12 to 135 tonnes together with mobile access platforms. The firm includes a crane repair and renovating operation with facilities for up-dating all makes of mobile crane.

**Joint Receivers:** Michael A. Jordan · Paul FM. Shewell.

#### THOS. STOREY (ENGINEERS) LIMITED



In 30 years Thos. Storey has grown to become a world leader and the company's bridging and ferrying equipment is known in practically every country in the world.

Storey's success is based on four kinds of equipment. These are the Bailey Bridge, the Acrow Panel Bridge, its big brother, the Acrow Heavy Bridge, and the Uniflote flotation equipment.

Based in Stockport on a 12 acre site with 232,000 sq.ft. of floor space, the firm employs 314 people and recorded a year end March 1984 turnover of £12.5 million.

**Joint Receivers:** John D. Naylor · Cyril W. Nield

#### ACROW STORAGE EQUIPMENT LIMITED



Based in Harefield, Middlesex, Acrow Storage Equipment manufactures warehouse storage systems for all markets, but are particularly strong in warehouse and material handling systems for chain stores and other retail outlets.

In addition, its range covers all types of space-saving, static and mobile storage systems.

The firm's year end March 1984 turnover was £6.75 million and has 160 employees on a six acre site with 167,000 sq.ft. of floor space.

**Joint Receivers:** Gerry A. Weiss · John M. Thompson.

#### PRIESTMAN BROS. LIMITED



With over 100 years in the earth moving and construction equipment business, Priestman has a reputation for quality and reliability that is second to none.

The firm is based in Hull and had a year end March 1984 turnover of £15 million employing 340 people on a 63 acre freehold site that houses 350,000 sq.ft. of floor space.

Priestman Bros. manufacture hydraulic excavators, crawler-mounted cranes, grab-dredging cranes, pedestal cranes for off-shore oil platforms, hydraulic grabs and slewing rings. They also distribute mini-excavators.

During the last year the firm has successfully introduced the first variable counterweight long-reach excavator to the world marketplace.

**Joint Receivers:** Michael A. Jordan · J. Martin Iredale.

#### ACROW (ENGINEERS) LIMITED



For many decades Acrow Engineers have been leading specialists in the design, manufacture and hire of formwork, falsework and scaffolding for the building and civil engineering industries.

Based in Saffron Walden, Essex the firm has over 26 branch offices throughout the UK and Middle East producing a year end March 1984 turnover of £12 million. Currently the firm employs 560 people and in the UK has a 34.5 acre site with 400,000 sq.ft. of factory space. The site includes stores, offices, canteen, and sports ground along with undeveloped land and a galvanising plant.

The firm has a very strong UK new-product-development programme for worldwide use.

**Joint Receivers:** Michael A. Jordan · Christopher J. Hughes.

#### BENTALL SIMPLEX LIMITED



Bentall Simplex Ltd.

Bentall Simplex employs 182 people on an 11.25 acre site at Maldon, Essex with 226,000 sq.ft. of floor space. As the premier manufacturer of grain-storage equipment in Britain, the year end March 1984 turnover was £10.5 million. The order book stands at £1.5m and enquiry leads are high.

The range includes large silos, continuous flow-dryers, grain-drying and storage systems, elevators and conveyors. In addition, they manufacture feed processing factories for farmers worldwide and are continuously contracting to build complete installations for the drying, storage and handling of cereals, for the production of animal feed stuffs, and for the processing of coffee on plantations.

**Joint Receivers:** Gerry A. Weiss · John M. Thompson.

#### ADAMSON CONTAINERS LIMITED



Based in Stockport, Adamson Containers are the largest manufacturers of steel-clad freight containers in Europe, with a capacity of some 12,000 units per annum. Opened in 1978, a semi-automated factory accounts for over half of the 230,000 sq.ft. of floor space on the 14.2 acre site.

The firm's 207 employees build containers for all the world's major shipping and leasing companies, and manufacture special mini-containers for off-shore oil operations and defence industries.

Accommodation units, site security units and steel pallets also contributed to the firm's year end March 1984 turnover of £5.6 million.

**Joint Receivers:** John D. Naylor · Cyril W. Nield.

#### STEELS ENGINEERING LIMITED

Steels Engineering are pipework manufacturing and contracting engineers to industry offering the highest technical skills in design, manufacturing and site-engineering.

Based in Sunderland, the firm employs 145 people on a 1.2 acre site with 11,300 sq.ft. of office floor space, and recorded a year end March 1984 turnover of £4 million.

Major clients include, British Nuclear Fuels, Paper Manufacturers, and Power Stations throughout the world. The firm's Marine Division specialises in piping systems for many of the world's ship-owners and ship-builders.

**Joint Receivers:** J. Martin Iredale · Trevor C. Middleton.

#### ACROW CRANE & HOIST LIMITED

Employing 18 people with a year end March 1984 turnover of £750,000 the firm is based in Stockport and manufactures high-technology hoists and cranes with or without explosion-proof protection.

The firm also refurbishes overhead electric travelling cranes.

**Joint Receivers:** John D. Naylor · Cyril W. Nield.

#### CRAWLEY (REFRIGERATION) LIMITED



Based in Saffron Walden, Essex, the firm manufactures water coolers, chilled beverage dispensers, mobile refrigeration units and mobile water-purification units.

Crawley has the major share of the drinking water cooler market in the UK and had a year end March 1984 turnover of £670,000 employing fourteen people.

**Joint Receivers:** John D. Naylor · Christopher J. Hughes.

All enquiries concerning any of the above businesses should be made to the Joint Receivers concerned at: Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Telephone: 01-606 7700. Telex: 884730. Gully

# Businesses for Sale

## Textile Machinery Manufacturer

This business is situated in Loughborough and is offered for sale as a going concern. It specialises in the manufacture of knitting machinery, weaving machinery and components.

Operating assets include plant and machinery and stock with a total book value of approximately £5 million.

- Shares are also available in subsidiary companies whose activities include metal finishing, weaving machinery, and textile machinery engineering.
- turnover approximately £7 million
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For further information please contact the Receiver:  
Alastair Jones  
Peat, Marwick, Mitchell & Co  
45 Church Street  
Birmingham B3 2DL



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Telephone: 01-836 1200.

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Further information from The Joint Receivers, Allan Griffiths and David Rowlands, Brazzenose House, Brazzenose Street, Manchester M2 5AX,  
Telephone: 061-834 5414. Telex: 667235.

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For further details contact:  
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Peat, Marwick, Mitchell & Co  
Grove House, Grove Place, Swansea SA1 5DE  
Tel: Swansea 50018 and 50456

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#### STANWICK INTERNATIONAL CORPORATION SA

Luxembourg, 14, rue Aldringen RC LUX 18 No. 15.143

#### NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary meeting of shareholders of STANWICK INTERNATIONAL CORPORATION S.A. will be held at its registered office, 14, rue Aldringen, Luxembourg, on September 26th, 1984 at 10.00 a.m. for the purpose of considering and voting on the following resolutions:

- To amend article 26 of the articles of association of the Company...
- To amend article 11 of the articles of association of the Company...
- To amend article 12 of the articles of association of the Company...
- To elect directors in replacement of Peat Marwick Mitchell & Co. as liquidators.

Resolutions 1 and 2 on the agenda require the presence of 25% of the shares by value or at least 10% of the shares present or represented by proxy at the meeting with the restriction that no shareholder either by himself or by proxy can vote votes in respect of a number of shares equal to more than one-third of the shares issued or two-thirds of the shares present or represented at the meeting.

In order to take part at the meeting the owners of bearer shares are required to deposit their shares with the registered office of the Company, their banks or the branch office of any of the paying agents referred to on the reverse of the bonds in order to be reimbursed of the principal of the bonds (regarding the premium of 1% of the principal amount thereof).

THE amount due on 8th January, 1985 will be payable to the bearer thereof upon presentation and surrender of the appropriate coupon.

BANQUE INTERNATIONALE D'EUROPE  
Banque Anonyme  
1, rue de la Loi  
1000 Brussels  
Belgium

#### VILLE DE SAINT-FOY

Capital of 100,000,000 F. Bonds due 1987

Notice is hereby given that the Ville de Saint-Foy (the "City") will be holding a public hearing on the 15th day of October 1984 at 10.00 a.m. in the town hall of the City of Saint-Foy, 10001-10003, for the purpose of considering and voting on the following resolutions:

- To amend article 11 of the articles of association of the Company...
- To amend article 12 of the articles of association of the Company...

#### CLUBS

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#### International Appearances

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**GENERAL MANAGER**

to lead a team of professional executives and to manage the company's activities, including its different branches

These activities cover: Commodity Services (gold, silver, foreign exchange, financial futures, securities and other commodities); Retail Services (banknotes, drafts, transfer of funds, travellers cheques, ...); Financial and Investment Advisory Services.

The person eventually appointed will be 35 to 45 years old, have a good knowledge of the Arabian Gulf environment and a successful track record in high-level management in similar activities, Arabic language would be an advantage. An attractive compensation package is offered.

Please write in first instance including a resume with a recent photo to:

MR. GEORGE A. NASSAR  
ATTORNEY AT LAW  
P.O. BOX 21177, SAFAT, KUWAIT  
STATE OF KUWAIT

All applications will be confidentially treated.



THE ARTS

The Forgotten Fifties/William Packer

Time to review prejudices against an overlooked decade

The 1950s has been much abused in popular memory — stuffy, hidebound, conventional, repressed. It seems only yesterday that the 1950s, rather than the 1960s, were held to be the better years, bringing in the Wisconsin millennium, the social and technological revolution, the age of the train. But the world moves on and as that later meretricious glitter dulls and fades, so the earlier period grows ever more rich and interesting.

The Forgotten Fifties is now in its last week at the Camden Arts Centre (until Sunday September 23), at the end of a tour that began in Sheffield in the spring. It turns out to be an exhibition of enormous interest and very real importance, one not to be missed for anything.

With painting and sculpture, however, there is a sense in

which the 1950s still seem to be a time long ago, before the flood; and certainly there has been a long interval in which the work of the period, for all its serious and honest worth, has appeared to be irrelevant and out-of-date. But the explanation is simple. Our artists then were essentially European and at a certain remove admitted in attitude, interest and determining experience, and the wave that crashed over them and so rocked their confidence was the new painting of the New York School of Abstract Expressionism. The question suddenly was not: Are you modern or academic? but: Are you figurative or abstract? If you are not with us, you are against us, was the underlying point.

This is not the moment to rehearse the arguments for and against abstraction. But in a time when figurative representation is once more a central preoccupation of the most adventurous of artists, and less perceptive observers even proclaim a figurative revival (as though a figurative was ever moribund), it is salutary to look back to the work of a time when preoccupations were so closely similar, the painterly and practical concerns—in terms of mark, touch, gesture, surface—all very much the same, and technical command the general rule, and often manifestly superior.

Around this last, indeed, is where perhaps the title of the show justifies itself exactly; for, if the general demonstration is that the tradition remains unbroken, with many of the artists still at work, and their art proved to be fair not all would have con-

formed to that show's rationale. But they all work on, and if Bratby in particular has grown ever more erratic and inconsequent and under the rule that that early promise and real distinction it is right, as here, to be reminded just how good he was in those few years.

The others, too, stand up very well, and make the important point besides that the present work remains rooted firmly in what was established then, though apparently so very different. Greaves' elegant simplicity a sure constant, and Smith's curious notation of his imagery a clear indication of the line he would take towards abstraction. As with them, so with others. Prunella Clough among the most refined, John Hoyland as interesting as any, and Sidney J. Hasty and Arthur Cohen reduced to blocks of grey and brown, rising and falling over the hillsides. Joan Eardley, Ghisla Koenig, Terry Lee, Keith Vaughan, Alan Reynolds, Frank Auerbach, Leon Kossoff, John Minton, Josef Herman, Gurrus Bomberg: the show is full of artists who each require extended consideration.

The Forgotten Fifties was set up by Julian Spalding of the Sheffield City Art Gallery which explains and excuses a certain local emphasis: the Sheffield School of Social Realism shall we say?—with help from the Arts Council, an admirable and timely initiative.

I can do little more now than recommend some other exhibitions. John Crossley's recent constructions are also on show at Camden (until October 7), lively arcaicisms and active reductions of particular space that

are yet oddly suggestive of exotic, abstracted foliage, tendril, undergrowth.

New work by Heinz-Dieter Pletsch is now at the Paton Gallery in Langley Court (until September 29), the hand-made paper surfaces as immaculate and enigmatic as ever, but now with studies beside which suggest a new openness in the work.

The Redfern Gallery has Lawrence Preece's latest paintings (until September 26), a body of work as various and teasingly engaging as is usual with him. Preece is as good an artist as any in his generation, yet so hard to pin down and place that he has yet to win his place in our public collections, a victim in curious way of his own work, and of peculiar yet undoubted talent.

Fine wine at auction

Antony Thorncroft

The sclerom season gets seriously under way this week in London with attention focused on antiquarian books and manuscripts. The Antiquarian Book Fair opens at the Park Lane Hotel and the auction houses are naturally competing with some major sales.

But next week should provide the first real excitement when the spotlight switches to wine. In recent years the auction houses, led by Christie's but with Sotheby's challenging hard, have become an important source of wine. Indeed, the two salerooms handle more bottles of fine vintage wine than any other institution in the world.

Anyone buying wine, to drink or as an investment (or more often both), will want to know the important sales. Sotheby's and Christie's for supplies, and last season they sold \$5m worth between them. Like any other market, wine has its ups and downs. The 1973 recession hit prices, which had become very inflated by investment buying, and there was another setback four years ago. Last season saw a sharp increase in demand and prices in 1984-85 should get off to a good start. However, Patrick Grubb, who heads Sotheby's wine sales, is worried about both supplies and demand in the very short term. Prices are rising but vintages of claret have appreciated almost ten times in the past decade.

But he has no doubts about the auction on September 26 which could set a new UK record of £10,000 for a single bottle of wine — albeit an Imperial of Mouton Rothschild 1924.

About 70 per cent of the wine sold in the auction houses is claret. German wines remain out of favour and burgundies, with limited production, priced themselves out of most buyers' pockets, although now they look better buys in their finest vintage than claret. But the rapid rise in prices, and the attraction of the wine sales are the curiosities, and Sotheby's has some choice ones, notably a bottle of pre-1790 tokay, bearing the name of the Emperor Joseph II of Austria. The wine, with reputed apocryphal qualities, should be drinkable and has an upper estimate of £500.

Even older is a pre-1715 bottle of Moscatel, the most mature I have ever sold at Sotheby's and priced at up to £300. There is also plenty of port on offer.

Sotheby's has reorganised its wine sales recently. It has dropped selling cheaper wines under £50 a case — in its specialist sales but will hold two "cash and carry" auctions. It has also introduced a 10 per cent buyer's premium on wine.

Christie's, which last season sold £8.5m-worth of wine world wide, was quick to state that it is not introducing a buyer's premium. Instead it is holding, on September 27-28, its first auction of "new world" wines — from California, Australia, New Zealand and the Cape.

There is some concern that the sharp appreciation of prices at the wine auctions last season might precipitate another slump. But most of the more expensive lots were bought by Americans. While the American economy booms there will always be buyers for 19th-century wines from the top chateaux. At present the market is underpinned by the prosperous wine drinker who buys more than he consumes. Sale of the surplus after five years brings a healthy profit which finances the next year's drinking. It is at this level that the higher prices look suspect, especially if there is a shortage of good wines coming into the salerooms.

Television/America's latest soap operas

Frank Lipsius



Answering the call to ratings glory: patriotism, apple pie, honest kids and sixties music

The new American television season does not present itself as full of evening soap operas on the model of *Dallas* and *Dynasty*, but those shows are having a pervasive influence even on programmes that would not appear to have the familiar soap-opera format of convoluted cliff hanging romance. Soap operas are in fact replacing sitcoms as the network stalwarts because no new sitcom has been a major hit since the overcast *Murphy, Briscoe and Gyde* ended its four-year run in 1982.

To those who argue that the heyday of sitcoms is over comes the retort that the quality of sitcom has just deteriorated. Supporting the latter view is a revival of sitcoms of an earlier era. The cable-delivered Christian Broadcasting Network (CBN) is thriving on a black-and-white revival of such vintage shows as *George Burns and Gracie Allen* and *Bachelor Father*, early inspirations of the television era, though the Burns and Allen show had its origins back in vaudeville. Since debut playing in 1952, CBN has become, with the USA Network, the fourth most popular cable channel, behind only Entertainment and Sports

Programming Network, WTBS and the Cable News Network.

The networks also recognize the power of the old sitcoms in their special made-for-TV television films of the old shows using the original stars in updates of their most familiar soap-opera format of convoluted cliff hanging romance. *Call To Glory*, starring the teenages of the 1960s as adults with kids of their own in the 1980s, proved the viability of the format, which will result in a flood of updates this season. The same formula of one-time teenages now with families of their own applies to the television film *Gladiator*, while *Route 66*, the 1960 to 1964 series, returns to inculcate a new generation with the phrase, "Kookie, Kookie lend me your comb".

Instead of trying to capture the magic of old sitcoms, the networks are turning to expensive adventure series for their new programming. Quick off the mark in late summer was *Call To Glory*, which quickly became a hit and reinforced the network's commitment to expensive adventure series for their new programming. Quick off the mark in late summer was *Call To Glory*, which quickly became a hit and reinforced the network's commitment to expensive adventure series for their new programming. Quick off the mark in late summer was *Call To Glory*, which quickly became a hit and reinforced the network's commitment to expensive adventure series for their new programming.

Those who find *Call To Glory*'s theme clashing ingratiating and a reflection of the worst excesses of the current mode of patriotic patriotism will also be seen in *made-for-TV-films* like *Charlton Heston's African Adventure* called *Nairobi, Rock Hudson and James Earl Jones in Las Vegas* and *War and Sidney Poitier* and *Tony Curtis in a chain-gang fugitive drama*, *The Defiant Ones*.

gave half the concerts—but the first programme was well played, and so was *Dominae*, with Stanley Drucker as the peripatetic clarinet and Gilbert Amy as conductor. Amy also conducted his own *Shin-anim Sha-ananim* (with Speculum performers), a ducky glowing piece, and Betsy Jolas's elegantly terse *Quatre Plages* (not beach pieces, but played as "a portion of time occupied by a specific type of sound-structure").

The American Composers Orchestra, under Charles Wuorinen, ended more or less together with the tape in Babbitt's very difficult *Correspondences*, but it was a skin-of-the-teeth rendering, without dynamic delicacy.

The concert also brought the festival's most exciting performers, Wuorinen's own *Bambola Squared—16* exhilarating minutes for orchestra and tape, the latter used rather like a new, rich, orchestral family. It's a vibrant, energetic composition. Wuorinen, born in 1938, has become probably the most creative and musical American composer of his generation.

Things were somewhat under-rehearsed — the Philharmonic

celebrates patriotism in the story of a 1960s military family based at Edwards Air Force Base in California.

In one of the first episodes, the teenage son runs into racial prejudice when a black friend of his cannot be served at a local coffee shop. While President Kennedy appears on television within the story to echo the national issue faced by the air force family, the son teaches the father not to avoid trouble but to stand up for what is right, a lesson for which the father ultimately thanks the son.

Made with air force co-operation, including use of military planes, the show is part of an effort to attract men with high adventure and macho posturing that will also be seen in *made-for-TV-films* like *Charlton Heston's African Adventure* called *Nairobi, Rock Hudson and James Earl Jones in Las Vegas* and *War and Sidney Poitier* and *Tony Curtis in a chain-gang fugitive drama*, *The Defiant Ones*.

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New Romanticism/New York

Andrew Porter

reason, of course, was that since the programme was retrospective—reaching from *Correspondences* of 1967 forward to only a few premieres—there were few pigs in porks. If there was not the excitement of a path-breaking new work by a Stockhausen, Boulez, or Ligeti, there was equally no lack of playing in freedom of sitting through acres of music one never wants to hear again. Most of the compositions had already earned their place.

The opening concert brought two pieces first played by the LSO but new here: Henze's *Tristan* (1974) and Penderecki's *Tristan Symphony* (1973), each conducted by its composer. *Tristan* was a good foundation stone—a thoroughly and affecting romantic work, and one containing passages of music composed with the aid of computer and synthesizer. The new piece was a good foundation stone—a thoroughly and affecting romantic work, and one containing passages of music composed with the aid of computer and synthesizer. The new piece was a good foundation stone—a thoroughly and affecting romantic work, and one containing passages of music composed with the aid of computer and synthesizer.

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Arts Guide Sept 14-20

Opera and Ballet

**PARIS**  
Clandio Bellini: *Dracula*, Compagnie Alain Germain Musique Oblique conducted by Michel Swierczewski. Text by Viktor Stefanow, choreography and production by Alain Germain. The world premiere of Bellini's modern version of the ancient *Dracula* legend. (Wed, Thu, 8.30 pm). Théâtre de Paris (206 0826).

**WEST GERMANY**  
Berlin, Deutsche Oper: Premiering this week is Das Rheingold, the first production of new Ring cycle by Götz Friedrich. It brings together Wagner specialists Christa Stender-Dieme, Diana Kürz and Matti Salminen. Madama Butterfly has fine interpretations by Yoko Nonura and Volker Horn. Simon Rocca-negra has Renato Bruson and Martti Tallela in the main parts. Der Troubadour, conducted by Herbert von Karajan, rounds off the week. (3.43.81).

Hamburg, Staatoper: Der Troubadour has Natalia Trochizava, Eva Randova and Leif Miller. Boris Godunov, produced by Kurt Horros, a new production this month, stars Kurt Moll in the title role. Pelléas und Mélisande features Ryland Davies, Robert Herrmann and Marianne Hirst. (21.15).

**Cologne:** Oper: Premiering Die Verkaufte Braut, produced by Rudolf Neill. Josef Protschka makes his debut as Hans. The programme also includes the acclaimed television production of La Cenerentola sung in Italian, with Alberto Rinaldi and Janice Hall. (20.61).

NEW YORK

New York City Opera (New York State Theatre): A full week of mixed repertoire returns with Madama Butterfly and Turandot conducted by Christopher Keene. Rigolotto conducted by Mark Fint, and *The Rakle's Progress* in a new production designed by David Hockney, conducted by Christopher Keene and starring Eric Mills, Joy Davidson and Jerry Hadley. Lincoln Center (870 5570).

**CHICAGO**  
Lyraa Dean Dancers (Goodman): The season's dance series opens with the popular contemporary company whose mixed programme includes three local premieres. (4.43.3000).

**Meiningen Dance Centre:** The centre's 10th anniversary has inspired a festival that kicks off with choreography and dancing by Jan Bartossek, Jan Erbert, Assy Osgood, Charlie Vernon. 1034 W. Barry (472.6994).

VIENNA

Staatoper: Lucia di Lammermoor with Gruberova and Bonisoli; *Solome* with Armstrong; Don Giovanni; Der Rosenkavalier with Janowitz, Pesslöder and Rysanek. (53.24.53).

Volkstheater: Merry Widow conducted by Rudolf Bibik: *Le Bohème*; *Hallo Dol!*. (8324.2857).

Vivaldi Festival/Venice

Freda Pitt

was performed at the Teatro Malibran. It is true that the Fenice has only 1,100 seats, but a serious spirit of homage to Vivaldi would surely have counselled the use of a theatre rather than an open space for the ballet also. Even a high-quality compact disc cannot rival a live performance, and the additional hazard of poor sightlines and, on the seventh, of a strong breeze after a dramatic storm led to difficulties in concentration.

The choice of Roland Petit and his company precluded a ceremonial approach to the division into four seasons. That could have been supplied only by a more purely classical choreographer and group. On the other hand, no doubt because of the music festival context, Petit has now treated the popular score much more respectfully and understandingly than he did 20 years ago at La Scala, Milan. On that occasion however, he was not working with his own company, and he always obtains better results from dancers he knows.

Since the setting was not exploited, the new ballet will make a useful addition to the regular Marcelline repertoire. If little is strikingly original, it is all well composed, divided into group work at the opening of each of the four parts, followed by solos, a pas de deux or a pas de trois, then a finale for the ensemble. As usual, the more spectac-

ular steps were reserved for the men.

The first beneficiary was Luigi Bolognini in a solo alternating laigour and melancholy, in the Spring movement. In the Summer section, Jean-Pierre Aviotte, in white trousers and a bare torso (hardly the ideal wear for the interpretation of 18th-century music) had the most conspicuous role, testing his lithe agility, but it was the last two movements that called forth the most inventive choreography, demanding exceptional virtuosity. Solos and pas de deux have always been Petit's strong point: the pas de deux for the leading couple in Autumn was in his most appealingly lyrical style.

The first cast was the company's pair, Dominique Khaloufi and Denys Ganto, but I saw the youngest principals, Mitou Manderon (a long tunic) and Thierry Le Floch. Manderon looked much more at home in this serene neoclassical role, which she danced with ease and charm, than as Esmeralda in *Notre Dame de Paris*, a role in which she had seemed overparted when she performed it at the Teatro Petruzzelli in Bari earlier this year. Le Floch danced excellently and exuberantly in his long, complex solo, but the most explosive performance arrived in the final Winter section. This was dominated by Jean Charles Cill, appearing with Florence Faure, Pascale Leroy and Pascale Doye.

Pierpont Morgan Library/New York

Frank Lipsius

Midway through an American tour that covers eight states from North Carolina to California, 82 master drawings from the National Gallery of Ireland are being exhibited at the Pierpont Morgan Library in New York. The visiting collection supplements an active exhibit season at the library that also has two shows from its own collection — 40 Rembrandt landscape etchings and a commemorative of William Morris on the 150th anniversary of his birth.

Nearly half the drawings from the Irish collection were included in a show in 1967 to raise money for the Florentine Art Treasures curated by Denys Sutton. Billed as a show of *Master European Drawings*, the visiting collection also includes evocative works by two Americans, James McNeill Whistler, with a foggy view of Lowell, Massachusetts, and a watercolour of Ploceadilly, along with John Singer Sargent's hearty watercolour of ships in Venice.

by lambs by Nicholas Berchem. The Poussin ink drawing of *Acts from the Life of St. Stephen* is among his paintings in the National Gallery of Ireland.

The Irish works in the show date from the last century. Irish artists of the period when the exhibition starts were occupied with illuminated manuscripts and book illustration. James Barry's *St. Sebastian*, with a gruesome figure strung up from a tree, contrasts with scenes of Ireland by William Mulready, Andrew Nicholl and Walter Osborne. Mulready and Osborne provide *sentimental domestic scenes*, the first with two figures poring over the manuscript of a ballad in front of an expansive countryside, the second with a little girl playing with dolls on her bed. Nicholl's *Vieille de la Riviere*, *Foggy City of Derby through Fog*, *Bank of Flowers* combines an expanse of delicate flowers in the foreground at the bend of the river with the city barely visible behind.

Tying into the library's other two shows is inclusion of Dante Gabriel Rossetti's *Portrait of Jane Burden*, later to be William Morris's wife and Rossetti's mistress. The portrait, done as a study for the figure of Queen Guinevere, was meant to be included in Rossetti's commission for the ceiling murals at the Oxford Union, but was never executed. Jane Burden had the archetypal pre-Raphaelite face, with chrysalis-like thick dark eyebrows and full lips surrounded by delicate veal hair. With the head tilted forward, the pose looks like a woman leaning back daydreaming, except that her large wide-open eyes seem caught on some object in the distance.

While Morris was himself an illustrator, the present show concentrates on his illuminated manuscripts, rare printed editions and his own collection of medieval manuscripts. Photographs of him, his home at Kelmscott and his grave bring a personal touch to the exacting work evident in the Kelmscott Chaucer, his book-making masterpiece. The binding is a striking hard white leather. Its pages are decorative designs by Morris and Edward Burne-Jones, with the text reserved for an off-centre spot on the page. Shown in J.P. Morgan's magnificent library, surrounded by a Gutenberg Bible, one of 22 original impressions of the U.S. Constitution and walls full of dark leather-bound treasures, the exhibit reflects Morris's own love of exceptional books and book designs.

# FINANCIAL TIMES

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## Responsibility for crisis

THE FINAL statement from the meeting of Latin American debtors in Mar del Plata opens, tellingly, by complaining about the "loss of a sense of urgency" about the world debt crisis among the industrialised countries. In blunt language, the creditors are accused of relinquishing into complacency simply because they have muddled through one more year. Lord Lever's Commonwealth committee put it more dramatically last week: "The world's financial stability is balanced on a knife-edge."

Is it all too obvious, justified? Despite some real though limited progress in the last year, our judgment would be that it is. It is no doubt in the hope of getting this message through to the heads of western governments, as they so notably failed to do at Cancun, that the Latin American debtors are again pressing for the political summit which the industrialised countries have been so anxious to avoid.

### The progress is worth listening for

It does indicate some elements of the solution which must be found. First, and most notably, there is no longer any talk of default. The debtors have so far shown a solid determination to honour their obligations, provided that tolerable terms can be devised — which is more than could be taken for granted a year ago. However, there is naturally a strong element of self-interest here. The borrowers wish to preserve the conditions in which they could again become importers of capital, as their development requires.

### Model

Moreover, a start has at last been made on the comprehensive restructuring of debt which we have always argued would be necessary. Mexico's debt has been converted into long-term obligations at relatively fine interest rates. While bankers would no doubt grudge the Mexico uniquely deserves such treatment because of the progress already achieved, the settlement has been seized on at Mar del Plata as a model for future negotiations. Meeting the basic aims of the Cartagena group of debtors.

Third, as the International Finance Corporation points out in its annual report, encourag-

ing progress has been made in a number of developing countries to improve conditions for foreign equity participation in development. It is encouraging that the IFC plans to expand its efforts, and to do more to encourage the development of internal capital markets. This is of vital importance, in many of the richer developing countries, much of the debt problem would melt away if effective incentives could be found to keep private savings at home and put them to work.

In normal circumstances, these developments could be welcomed as real, solid progress; but in the circumstances which actually exist, they may prove unrepeatable. It is not a tasteful buffet on the Titanic. These solutions would work in a world of normal balance and liberal trade. They cannot work in a world in which the industrialised world — or rather, the largest industrialised country — is crowding out all other borrowers for international savings, and in which rising protectionism is frustrating the efforts of debtors to earn an honest living by trade. It is here that the burden of adjustment must, as the debtors argue, be shared; there is no sign of it yet.

### Warnings

The current dollar hysteria in the currency markets, which will impose still further real burdens on debtors by way of worse terms of trade, could prove the last straw; but even if some stability were restored soon, the crisis would remain forbidding. The adjustment efforts of the last year, made in the hope that by now they would have found some echo in adjustments in the U.S., may prove unrepeatable. The endless cliff-hanging over Argentine debt, for example, reflects the desperate efforts of the Alfonsín regime to obtain IMF approval for a programme which would be a continued political liability, and much the same danger exists in Brazil.

The situation is, then, potentially critical. The coming round of international talks will show whether the West, and the U.S. especially, can hear the cry which will be shaken out of its complacency only by an actual disaster.

Mr MacGregor's initiative was not an innovation. In 1981, Sir Derek (now Lord) Ezra had, with Government backing, proposed a new agency to review all collieries which had closed since 1975. The Government accepted a report by the Monopolies and

Competition Commission which concluded that "the industry's case for investment cannot be sustained if it is unable to close down older, uneconomic units."

But it is here, now, and it changes the issue. Its presence means that the dispute is no longer confined to one of mine workers against the National Coal Board and the Government; the trade union movement must share the miners' fate, for good or ill. It raises the stakes, making the parallel with the 1974 miners' strike more explicit.

Mr Peter Walker, the Energy Minister, facing the Press on Sunday evening, conceded that groups of workers like those in power, surely did have leverage to close down the country—but he reminded them that its use negated parliamentary democracy. That dimension, always looming over the past months, is now crystallised.

It should be no surprise that the question of "who governs Britain" is now to be once more posed. A National Union of Mineworkers led by Mr Arthur Scargill, Mick McGahey and Mr Peter Heathfield was bound to force the issue, at least implicitly (though Mr Scargill has, on several occasions, done so explicitly too). For the cause of which the NUB and the NUM are fighting is a great one. Mr Ian MacGregor came to the NCB as its chairman a little over a year ago to bring it into profitability. He took over the industry which cost the Exchequer over £1bn a year, where plans stood at £3.7bn and assets at £3.7bn and where some 12 per cent of capacity accounted for more than half of the operating losses.

His predecessor, Sir Norman Siddall, had closed some 20 pits, not all of which were exhausted or geologically unsuitable. Within weeks of Mr MacGregor's arrival at Hobart House, the pace quickened: closure dates were brought forward and the Board met little resistance on the ground, as miners voted to take redundancy payments.

The new chairman had, in the colliery closure procedure (see panel) a text agreed some 12 years before which permitted closures (on economic grounds, among others) but which he thought too cumbersome. He wanted a new agreement: the union to eliminate high cost capacity; by November, he had ready drafts of a new Plan for Coal which would scale down its now hopelessly ambitious output targets (of production rising to 300m tonnes in the early 1990s) with a more flexible, market oriented document.

It HAS been mighty slow in coming; six months of a coal strike, and only now is the TUC carthorse allowed to lumber on stage, bearing on its back the usual collection of riders wishing to go in different directions.

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Ian MacGregor (left) and Arthur Scargill (right): market forces versus expansionism

Further investment of human or financial resources could not be justified" to closures where "acceptable" or "satisfactory" operations were impossible, to closure where reserves could not be developed by the Board "in line with their responsibilities."

For its part, the NUM put up "no further mineable reserves," and "no further reserves which can be developed enabling the Board, in line with Plan for Coal, to continue operations." Words, however, could not do it: the Board wanted agreement on some recognition of market principles, the NUM wanted adherence to the Plan for Coal.

Negotiations of the funding kind would seem to be at an end; a further possibility, raised over the past week by Mr Stan Orme, Labour's energy spokesman, and inveterate peace-monger, has suggested to both sides that they talk about the criteria for determining what constitutes an "uneconomic pit." The NUM has already

shown practical interest in this by proposing, in last week's talks, that a pit be deemed exhausted when it contains "a small parcel of coal only sufficient for a few months' requirements" requiring "extensive development over many months..." The Board, however, is presently not interested.

The failure of this last, and most serious, effort to find agreement has clarified the matter for the TUC in one respect. It will not be organising support for the NUM because the miners are fighting the principle of the market. Pay is not the issue (they remain relatively well paid); redundancy terms are certainly not the issue (they are among the best in Europe and men are queuing up to take them). It is basic, fundamental, ideological and apparently unbridgeable.

This is not a wholly happy conclusion for the TUC, many of whose leaders are mixed in opinion and who instinctively shrink from such black and white clashes. But many of

## BRITAIN'S TUC AND THE MINERS

# The stakes are higher now

By John Lloyd, Industrial Editor

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these same leaders are seriously trying to organise support for the miners, putting their many reservations—especially over the violence obvious in communities and picket lines—aside. Why?

The first, and perhaps most important, element in the TUC equation is that it owes the Government no favours. Rising unemployment, legislation viewed as anti-union, privatisation destroying many of the unions' "safe bases," a freezing out of the corridors of power and, to cap it, a colossal snub when the unions, precariously balanced on "new realism," offered a no strike deal on behalf of the unions at the Cheltenham communications headquarters, only to be told to get lost—all of these have combined to engender a mood of sullen, smouldering resentment.

There is thus, among the TUC leaders, a mood of "well thank them." Trade union power has been perceived to be hollow over and over again these past five years: days of

action have been badly supported, marches and demonstrations (with the notable exception of the People's March for Jobs) have failed to catch either the imagination or the conscience of the nation.

But, as Mr Walker conceded on Sunday evening, some unions retain the power to close the country down—adding that such action would threaten parliamentary democracy itself. A subsidiary reason for helping the miners is that the TUC is scared of what will happen if it does not—on two levels. The activist layer of the Labour movement, still a powerful force, would wreak terrible revenge where it could not pull out the stops for the NUM in their hour of need.

Second, the oft-repeated adage, "if the miners lose, we're next," is actually believed by many.

All of this begs the question of delivery. Can the TUC hope to stir an independent, even hostile, membership into supportive action for the miners? There are many indications that it cannot. Yesterday's decision by the power supply unions to defer a strike, a move which settled on a clubdown by the Transport and General Workers' Union, is a case in point.

In addition, any worker or group of workers unwilling to accede to leaders' pressure for action, can point to the Nottingham dispute and other miners' actions: "They can't even get their own out." There is absolutely no certainty that the TUC's efforts will amount to very much, if anything at all.

But, because the stakes are now so high, both success and failure are momentous. Failure would mean a real public shaming of union leaderships by their members. It would mean that the miners would carry on (if they did) in an all but certain defeat. It would have been a terribly expensive victory for the Government and for the principle of the market, but it would be clearly seen as one.

And success? What can the unions win? A U turn by the Government? An acceptance by both Government and Board that there be no uneconomic closures? Are these politically possible?

Union leaders have asked themselves these questions, and decided to ignore the possibility of their answers being unworkable.

The ordinary members are asking themselves the same questions. Some, like the steelworkers and the power station electricians, will be balled on how much support they can give. Others will be instinctively faced—as groups like the dockers already have been—with a possible conflict between union loyalty and self-interest.

disapproval of the miners' action on the other. It is a decision taken by all these groups, free or otherwise, that the course of the miners' strike now rests.

## WANTED: A NEW DEFINITION FOR CLOSURE

COLLIERIES are closed under a procedure defined in November 1972, in an exchange of letters between the Board and the unions. In it, the Board provides for a joint review by management and unions at area level of all pits, at least once every three months.

The key passage in the Board's letter reads: "If, in spite of all efforts, certain pits still remain heavy losers, and due to exceptional circumstances, closure seems inevitable, such closures will only take place after consultation with unions and having full regard to the interests of those affected."

The letter also lays out an exhaustive procedure: a meeting of the area director with the unions under the review procedure is followed by a special meeting on a particu-

lar colliery which he had identified as having serious problems. The area director then notifies the Board he wishes to close it. The Board (probably) agrees. The unions object, and are permitted to make a technical inspection, then ask for a national appeal to the Board.

The Board reviews all evidence, and (usually) upholds management's decision. That is reckoned to take from first review meeting to closure about six months.

This procedure, which the Board stresses is still being followed and will continue to be followed, allows scope for considerable disagreements. The NUM's areas employ, or can hire, the services of qualified mining engineers, who are themselves granted access to Board plans and reports and can examine the

pit over several days. More often than not, they will recommend that the pit be kept open to work, coal still in the ground. Few pits, if any, totally exhaust all coal and many close with millions of tonnes still theoretically available.

The final element often is, and has always been, an economic one. A judgment has to be made by area directors, based on a range of criteria—the amount of investment it would take to produce a given amount of coal; the current needs of the area's customers; the average level of prices throughout the area; the current available price for coal; the planned investment required by the Board. At the far end of the scale — say, £10m required to produce a few thousand tonnes— the case is obvious and no

union leader would contest it. But most closures are not made on that basis. In most, there is very large scope for argument.

However, while the letter of procedure does clearly set out the Board's right to close pits on cost grounds ("heavy losers"), Mr MacGregor has argued that he needs a new definition of closure because the NUM, under Mr Scargill's leadership, has effectively withdrawn from the pragmatic agreement that pits with coal in them can be shut.

For its part, the union saw in the colliery review procedure—from which it withdrew for over a year—a mechanism in which the Board was judge and jury, and which was being used simply to facilitate and accelerate closures.

## Liberals in the first division

BRITAIN'S Liberal Party is now playing on the fringe of the first division. There was a time when the party's annual assemblies did not much matter. They were eccentric, jolly affairs, where the leader made a stirring speech about the real meat of politics or preparing for government, but hardly anyone seriously believed him. The best that the Liberals could hope to do was to create by-election shocks, especially under the Tories, and perhaps to influence the climate of opinion.

Given the vagaries of British politics, even that is not strictly true. The Liberals were given the chance of forming a Government with Mr Edward Heath in March 1974, but turned it down. In the second half of the 1970s they agreed to the Lib-Lab pact under Prime Minister Callaghan, but did very little with it.

The assembly which opens formally in Bournemouth today, however, is an altogether different matter. Along with the Social Democrats, who performed in Buxton last week, the Liberals could emerge quite conceivably as the major opposition grouping in the next two or three years. A test of the next few days will be how far they can show that they take that challenge seriously. Much will depend on a mature acceptance of the partnership with the SDP, for there should be no doubt that, without the alliance, the two parties have little immediate force. With it, they have everything to aim for.

### Changing fortunes

The history of the relationship between the Liberals and the Social Democrats so far has been one of changing fortunes and changing perceptions. When the SDP first emerged in 1981, the Liberals felt themselves overshadowed by a group of former Cabinet Ministers who could claim experience of government. A year later, it was clear to SDP leadership that the Liberals had a lot to teach about community politics, about local government, about winning elections and even about policy—for example, on the environment. The Liberals won three times as many seats as the

Social Democrats in the general election last year.

Then Dr David Owen became the SDP leader. For a time it looked as if the Social Democrats had a general, but the Liberals had the infantry. The result of the Portsmouth by-election last June should have disproved all that. The Social Democrats won the seat hands down with a relatively obscure candidate, thus refuting the suggestion that only the Liberals could put up winners.

What should have become plain to both parties by now is that there is a relationship between equals. They may have different strengths and different qualities. It is striking, for instance, that the latest opinion polls still show Mr David Steel as a more popular leader in the country than Dr Owen, though Dr Owen is more respected in Parliament. Yet it is only on the basis of rough parity that the Alliance can proceed.

### Common sense

There have been some calls for a formal merger. They should be as firmly rejected by Mr Steel at this stage as they have already been rejected by Dr Owen, if only because of the technical difficulties involved. A merger would mean the rewriting of the constitution of both parties and would lead to no end of unnecessary bun-fights. It would be a field day for the lawyers. The two parties are quite close enough for the time being, and there is little evidence that the electorate fails to understand the present nature of the Alliance.

What matters more is policy. The SDP prides itself on being the party of common sense and, by and large, it is true that it has never yet put its name to anything really silly. Almost everything said by Dr Owen has to be taken seriously. The test for the Liberals in Bournemouth is whether they can match that reputation. Rash statements on defence, on nuclear power, on Ireland, the miners' strike or the economy will not help the Alliance. The party has to decide whether it wants to be in the big time or not.

### Fall-out in gilts market

The proposed departure of John Hutchinson, enfant terrible of the long-end of the London gilts market, from Wedd Durlacher caused a stir in the London stock market yesterday.

Was this the first sign that all was not well in the major realignments now taking place in the City, and the jumbo tie-up between Barclays Bank, Wedd Durlacher and stockbrokers Zosie and Bevan? Were young marriages quickly leading to divorce?

Hutchinson was enigmatic yesterday, saying only: "We have agreed a general agreement which says that I am leaving because of a difference of philosophy over the way to proceed in the future."

What this means, in fact, is that the management of Wedd Durlacher had a different view from that of Hutchinson over the way the gilt-edged book should be run.

Hutchinson, 37, has been with the firm 12 years and a partner since 1976. In the last 13 months he has been a top man on the gilt-edged dealing side.

What are his plans? "Compensation and release from attractive gold handoff arrangements?" That is an in-house matter which we don't discuss." He leaves in six months time at the end of Wedd Durlacher's financial year.

## Men and Matters

It less than two years ago as part of the spoils when it took over Thomas Tilling.

In its heyday Crewe House was a diplomatic centre of London, when diplomacy largely conducted in the salons of high society. Winston Churchill is said to have proposed to his future wife Clementine during a Crewe House evening.

In its form since 1938—mostly as the Thomas Tilling HQ—the house has a peculiarity which the Saudis might well consider rectifying. What is now used as the front facing south to Curzon Street used to be the back of the house looking over its gardens. The original front faced north upon Charles Street.

### Five-year warranty

Paccar, which makes the Kenworth and Peterbilt trucks and is second only to International Harvester in the North American heavy truck market, has been taking some pains recently to convince the trade that it has no intention of letting its British operations run down.

In 1980, Paccar paid £18m to the receiver to pick the assets of the old Fodens truck company based at Sandbach in Cheshire.



away because it has nothing brand new to show and has preferred to spend its money by taking trucks around the country regional displays. In any case, he says, "the validity of a joint car and commercial vehicle show (such as the Birmingham event) has always been questioned and numerous companies have threatened to pull out over the years, although until now no major manufacturer had taken the plunge."

But when it comes to Fodens' long-term future, perhaps the clearest indication of Paccar's intentions has been the recent arrival of Mark Pigott as assistant managing director.

His great-grandfather started the Paccar company in 1905, and his father, Cluck Pigott, is the current president. An engineer by training, Mark Pigott is in his early 30s and has already served in several Paccar locations, most recently in California. Now he has arrived in Britain—"and I will be here at least five years," he says.

### Bright sparks

The British nuclear industry, freed for the moment from competition with coal by the miners' strike, appears to be enjoying a carnival mood. The new Sizewell B nuclear station, if built, will have a white metal-clad reactor as its dominant feature, with the associated generating plant tastefully painted in contrasting dark blue.

The CEGB's architects have picked colours which help to express the nature of the high technology while emphasising the interesting silhouette of the buildings.

They are giving the local people a foretaste by erecting a tower to show off the colours. A couple of other CEGB nuclear stations have also abandoned the grey anonymity of concrete. Hartlepool, when finished, will be done up in mushroom and pale blue. The older Hinkley A station in Somerset is to be refurbished in the same livery.

Meanwhile, Sellafield, the British Nuclear Fuels factory in Cumbria, is still more adventurous. Rust-streaked concrete is a feature of the past there. Huge new buildings are emerging in bright colours—coral red for the biggest so far. The £1.3bn thermal oxide reprocessing plant is to be in dark brown with red highlights. A new waste treatment complex will be grey-green.

Last Windscale-watchers are tempted to attack the company's taste, as well as its waste disposal practices, an official hastens to remind me that the local planning authority actually picked the colours.

### Firm favourites

Two investment holding companies just formed in Jersey leave no doubt about their good intentions.

One is called Magnanimo Finance and the other is called Honest Investments.

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M ALAIN MINE is one of a growing circle of influential opinion-makers in France who believe that a small revolution is taking place in the accepted political and economic wisdom that has ruled the country in the post-war years.

M Mine is 55, three years younger than M Laurent Fabius the Prime Minister. He has the same boyish face and both were Inspecteurs des Finances—thus among the top handful of students of their generation at the Ecole Nationale Supérieure d'Administration (ENSA).

For the past six years, M Mine has been financial director of Saint Gobain, the diversified French glass group which was nationalised in 1982. He handled Saint Gobain's link up with Olivetti and Honeywell. But at the start of his attempt to break into information technology—and he handled the divorce when President Mitterrand's Socialist administration pulled Saint Gobain out of the computer business.

He has written three books of which the latest L'Avant en Face (Facing the future) is now on the French best seller list. It responds to the French enthusiasm at the moment for anything that can cast a light through the uncertainties of recession and stagnation to show them what might lie ahead.

M Mine believes that the post-war model by which the French economy was piloted by a Japanese-style alliance between the state, the banks and business is dead. It was able to pick "industrial winners" in the nuclear industry, aeronautics—at a time of high economic growth. But it has been unable to cope with stagnation and rapid market changes reflecting the social changes of new products and the shift in consumer tastes.

He thinks that there is no escape for France from a long period of slow growth. This is the price to be paid for the stability of the French economy by which every small reflection of demand is reflected in a surge of imports and thus in a widening of the trade deficit. M Mine says French industry is insufficiently specialised in France from state aid and over-dependent on developing country markets for its exports.

He does not think the state can any longer be the locomotive for growth as it historically has been in France from Colbert under Louis XIV to Napoleon and through to the early nationalisations of President Mitterrand. France this time will get back on its feet through the creative energy of the private sector. The frontiers of the state—the growing numbers of small companies springing up in information technology or in off-beat

A new French revolution

The quest for a fresh kind of socialism

By David Housego in Paris

areas such as providing gilded statues for Arab sheikhs.

M Mine calls this a "capitalisme solitaire-huitard" because many of the new entrepreneurs were at college during the May 1968 student revolt and because their activities retain the anarchy and creativity of those years.

M Mine describes himself as "liberal de gauche" (a left-wing liberal). He was delighted by M Fabius' public endorsement in his television broadcast last week of the virtues of profitability and entrepreneurial initiative. Also for the first time since the left came to power, the head of government abandoned the language of the "end of tunnel" in talking about the recession and said that France would have a long and difficult haul in making the needed structural adjustments to its industry.

The significance of both the book and M Fabius' appointment is that they crystallise an emerging trend. Many of the traditional distinctions between left and right are now being blurred, while many of the dogmas and shibboleths of the post-war years are being abandoned.

As M Mine says there is an extraordinary paradox in the fact that "the welfare state (in France) has never prospered so much as when President Giscard d'Estaing was in power, while the Bourse has never done so

well as under President Mitterrand."

But also, since the austerity measures of March 1983 there is a broad consensus over economic policy. Only the Communists and the extreme right really contest the need to squeeze living standards to encourage corporate profits or to compress state expenditure as a proportion of national wealth. The differences are over speed and timing.

Thrown overboard is much of the ideological baggage with which the left came to power—a belief in the virtues of nationalisation, of a Keynesian refutation of the economy through the Budget deficit, of protectionism and competitive devaluations.

At the heart of this newly-emerging consensus is the emphasis on reducing the power of the state—a reversal which runs against grain of France's Colbertist, interventionist past and which will still be accepted orthodoxy under M Giscard d'Estaing.

For who can forget, asks M Mine, that notwithstanding Giscard's liberal principles, it was his government that elaborated telecommunications policy to the point of negotiating on behalf of the still-private Thomson group the purchase of foreign companies?

Or that policy over the development of information tech-

nology was laid down at the Ministry of Industry and for the Aeronautics Industry at the Ministry of Defence?

M Mine does not believe that in the French case denationalisation as proposed by the right is the most effective way of curbing the state's power. "Terminating the monopoly of state organisations," he says "is more important than a change of shareholders."

He wants to see French internal markets opened up to more competition. He believes that the universities—American-style—should compete against each other. He believes that the most radical change in the banking system would be to remove the supervision exerted by the Treasury over French banks, which existed long before the left came to power and nationalised the major banks.

He thinks that the Socialists, notwithstanding their early blunders, have helped create the type of atmosphere in which small companies can flourish. He says this is because having painfully learned the realities of economic recession and international competition themselves, they are now educating French labour and management to the same tough obstacle course.

He says he has always been surprised by the blindness among French political leaders as to the consequences of the

first oil shock. After 1974 there was no realisation in France of the major adjustments that would be necessary to accommodate to higher energy prices. He gives credit to M Raymond Barre, who took over as Prime Minister in 1976 and also to M Edmond Maire, the leader of the pro-Socialist CFTD union for first preaching that painful sacrifices would be needed. He thinks M Fabius has now taken up this role.

President Mitterrand and the Socialists have now become more adept at exploiting the consensus that is beginning to emerge on the middle ground. The right is still preoccupied with the sectarian quarrels over whether M Giscard d'Estaing, M Raymond Barre and M Jacques Chirac, the Mayor of Paris, should lead the next Presidential contest in 1988. M Chirac is still denouncing the Socialists in apocalyptic language that fails to acknowledge the change that has become apparent since the summer with the departure of the Communists and M Fabius's nomination as Prime Minister.

But it is as one of M Mine's "liberals de gauche" occupying the middle ground, that M Fabius is building his uphill campaign to salvage the Socialist party at the legislative elections in 1986 and M Mitterrand his presidency.

The Board would have made a modest operating profit of £55m in 1983-84, instead of the reported loss of £410m, had it not been saddled with "past employee costs" of £445m.

The Board continues to pay out of its current revenue a share of compensation to retired miners many of whom left years ago. They accepted financial inducements offered during earlier periods of retrenchments. Between 1963 and 1979, the number of colliers dwindled from 611 to 225. The average level of manpower declined through voluntary redundancies and retirements from over half a million to only 235,000.

Manpower reduction on this scale, embarked upon to make the coal industry more efficient, would however have the perverse effect of increasing the reported loss if substantial amounts of "past employee costs" are charged to current revenue.

If men left the industry at government behest in the past, surely the extra pension payments should be borne by the nation. Otherwise, the trimmer the industry becomes, the greater the demand on it to pay for the fatness of the past. As coal mining becomes more efficient, the reported operating loss would go up.

I notice that British Airways no longer has to bear past employee costs "on this scale associated with retirement and restructuring. Similar treatment for the coal industry should perhaps be considered. S. F. Chakravarty, Economic Department, University College of North Wales, Bangor.

Industrial advertising From Mr E. A. Corthine

"Sir,—Was the article headed 'When industry comes a poor second best' (September 13) a joke? The crass level of criticism and ludicrously facile case studies make it difficult to refute in reasoned terms. Suffice to say that a main argument of the article—'Britain's business-to-business advertising is 'wordy with dire graphics'—was illustrated by a supposedly exemplary advertisement with nearly 400 words of closely-packed, ungrammatical 'Euro-speak' copy. We were even told that the trade Press goes out of its way to request these new style advertisements. Now there's a surprise! Those of us who work in the real world of industrial advertising and promotion know the realities. There are no easy answers. Only tough marketing problems that respond to intelligent, creative thinking. B. A. Corthine, Taylor Alden Public Relations, 266-268, Haydens Road, SW19.

Future of the coal industry From Mr S. P. Chakravarty

"Sir,—An informed discussion about the future of the coal industry entails careful scrutiny of Coal Board Accounts.

Letters to the Editor

economic policy has not been an unmitigated blessing. Graham Hallett, University College, Cardiff.

EEC: the real culprits From the Executive Director, C. S. M. European Consultants Limited.

"Sir, I am afraid Bryan Cassidy MBE has got the wrong end of the stick (Letters, September 11). It is not the European Commission which is reluctant to bring about deregulation and the unfiltered provision of goods and services within Europe—it is the Council of Ministers, ie the national governments of the Ten. They are the real culprits. The use of their veto must be restricted.

Countless proposals for legislation remain blocked in the Council of Ministers. Some date back to the late 'sixties, including important proposals to harmonise company taxation systems and encourage cross-frontier co-operation between firms. For every non-tariff barrier removed by a Community directive or regulation, agreed years after the original proposal, perhaps another two or more non-tariff barriers appear to take its place—at this rate there will never be a genuinely free and common market in Europe. The plain fact is that the ten Member State governments lack the necessary political will to do enough about it.

Perhaps the Commission has been devoid of imagination in dealing with the crisis. Certainly some of its proposals in the social and employment fields (Vredelings, etc) have been ill-timed and inappropriate. But it is the Member States which must face up to their responsibilities towards the citizens and taxpayers of Europe.

Finally, pace Mr Cassidy once again, spending a smaller proportion of the community's budget on agriculture would entail spending a larger proportion on something else. That might be desirable. But Europe's industrial problems will not be solved by throwing money at them. Richard Carswell, Eagle House, Jermyn Street, SW1.

Airship Industries and the City From Lt-Col. E. C. W. Fowler (Ret.).

"Sir,—Once upon a time the



M Alain Mine: one of a growing circle.

Britain's supermarkets

The predators in the checkout queues

By David Churchill, Consumers Affairs Correspondent

BRITAIN'S SUPERMARKET chains are currently in the grip of a bout of bid fever sparked off by the predatory ambitions of two of a new generation of entrepreneurial grocers—James Gulliver of the Argyl Group and Alec Monk of the Dee Corporation.

In recent weeks they have snapped up a brace of small regional supermarket chains to add to their growing empires—and in the process put the spotlight on at least half a dozen other small multiple groups who are up for grabs. What happens to these chains could ultimately determine the shape of British grocery retailing over the next decade.

Mr Gulliver and Mr Monk are clearly determined to thrust their way into the big time in the £27bn a year grocery trade dominated increasingly in recent years by the likes of Tesco, J Sainsbury and Asda. Mr Ian MacLaurin, Tesco's deputy chairman and a former amateur footballer with Chelsea, likens it to "a second division side, buying up players from the fourth division, in a bid to get into the first."

But Mr Gulliver and Mr Monk are not the only retail entrepreneurs trying to make an impact on the grocery business. Mr John Fletcher, the 42-year old ex-Asda chief who left the Leeds-based supermarket group earlier this year after a policy row, was last week strongly rumoured to be putting together a financial consortium to create yet another fresh challenge to the dominance of the majors.

Mr Fletcher, however, refuses to be drawn on the prospects for such a plan and merely observes that all the City speculation "is pushing up the price of buying chains to silly levels." He says he plans to stay on the sidelines for the moment.

But he may have to revise his plans. "Everyone is in a real hurry to acquire the last of the quoted regional supermarket group," says Mr Malcolm Samuel, a retail analyst with stockbrokers Pemberton and Boyle.

an effective challenge to the dominance of the Big Three—Tesco, Sainsbury, and Asda. Since 1977 when Tesco launched its pace-setting "Check-out" price-cutting war, these have steadily pulled away from the rest of the pack.

The continued growth of these "first" division superstars would not in itself unduly worry their rivals were it not for two key factors. Firstly, the overall food market is relatively mature with a slow rate of real growth forecast. The industry's main trade body, the Institute of Grocery

Table with 5 columns: Rank, Name, Last reported full year, Turnover £m, No. of stores. Rows include Hillards, Wm Morrisons, Wm Low, Cullens, and Single.

Distribution, says that over the decade 1982-1992, household food expenditure will only increase in real terms by 2.3 per cent. Over the subsequent decade, to 2002, the rate of growth over the period will be 1.8 per cent.

Secondly, having grown over the past two decades at the expense of the small independent grocer and retail co-operatives, the multiples are going to find that there's not much small-scale competition left to squeeze.

The Big Three, however, stand little chance of adding to their chains of acquisition of small multiples since the Office of Fair Trading would almost certainly refer any such takeovers to the Monopolies and Mergers Commission.

But, as analyst Paul Deacon of brokers Capel-Care Myers points out, "the majors' obsession with superstores has left an important gap in the market which has potential for many years to come if tackled with commitment." This gap is the small grocery store typical of those operated by the regional multiples—anything

from 7,000 sq ft to 14,000 sq ft. It is this gap that Gulliver and Monk are certainly committed to filling.

Gulliver, ironically had launched a bid for Alec Monk's Dee Corporation (previously called Linfood) at just the time Monk, a 42-year old Welshman, was taking over as chairman in late 1981. Monk saw off this unwelcome challenge (with the help of the MMC) and then started his own takeover trail by buying the Pricerite chain from BAT Industries and Key Markets from Fitch Lovell.

Earlier this year he launched a bid for the Booker McConnell group—which is still being investigated by the MMC—with the aim of acquiring Booker's 162-strong Bishops and Budget supermarket chains. Last week Monk picked up the Leznons supermarkets and off-licence chain for £25m, bringing Dee's total supermarket outlets to almost 400, just over a 4 per cent market share.

Both Gulliver and Monk hope that their ambitions will not fall foul of the OFT with its concern over retail concentration. Their strategy, however, is to argue that taking over small regional supermarket chains actually creates more effective competition with the Big Three.

Who are the likely candidates? The three best small chains, according to trade and City sources, are: Wm Morrisons, which operates some 30 stores mainly in Yorkshire; Hillards, another Yorkshire chain with 43 stores; and the Scottish-based William Low chain with 61 stores.

Two other publicly quoted targets are Cullens, with some 78 stores in London and the South-East; and Single, which runs a chain of 15 discount supermarkets in the South-West of England.

Once the fate of these five companies has been decided, the key question remains: will the jockeying for position lead to another intense price war? Probably not, says Mr John Allan, retail director of Fine Fare, since "major companies with their eyes on the City will want to engage in kamikaze, nationwide promotions." But, he adds, there will undoubtedly be "spectacular local fights between competing stores."

Advertisement for BusinessWeek magazine featuring a portrait of Björn Svedberg and the headline 'A NEW ERA FOR MANAGEMENT'. Text includes 'THE SHRINKING OF MIDDLE MANAGEMENT', 'COMPUTER-RUN OFFICES AND FACTORIES', and 'INTEREST RATES STAY HIGH'.



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## SOUTH AFRICAN STOPPAGE INVOLVES 40,000 MINERS

### Confusion over gold mines strike

BY JIM JONES IN JOHANNESBURG

ABOUT 40,000 black South African miners failed to report for work yesterday amid confusion about whether a threatened strike by up to 90,000 workers at eight gold mines was on or off. This came after a weekend of negotiations between the all-black National Union of Mineworkers (NUM) and the mine owners' co-ordinating body, the Chamber of Mines, resulted in an improved wage offer.

Although the union conveyed this offer to its members at the eight threatened mines, it seemed that communication failures led to confusion and persuaded miners at Vaal Reefs - which is the world's largest goldmine and which produces one eighth of South Africa's gold - and at the Western Holdings and President Brand mines, to stay away from work.

Shop stewards were reporting back to NUM headquarters yesterday on the reaction of members to the chamber's final offer of additional holiday leave pay allowances. The report-back was slow, however. Mr Cyril Ramaphosa, the union's general secretary, was reluctant late yesterday afternoon to comment on his members' likely response to the offer.

A full-scale stoppage would be the first full strike by black South African miners, who have become unionised only in recent years. The NUM still represents just a fraction of the estimated 438,000 blacks working in the industry.

Mr Ramaphosa said the union's executive would not have a full response from members until late last night. The Anglo-American group, which has led the way in recognition of the NUM and whose mines would be affected by the strike, said the situation would not clarify at Vaal Reefs until this

morning when the day shift should report for work. At Western Holdings and President Brand, indications were that men were arriving for work.

Mine managers refrained yesterday from acting against those who failed to report for work. The industry has threatened to fire strikers and to replace them with other employees - a very real threat in view of South Africa's high black unemployment rate. Management attitude at present is that the failure to report for work did not constitute a strike, but had arisen because employees were seeking clarity on the chamber's offer.

This hesitating rationale reflects the mine owners' reluctance to engage in a trial of strength with the emergent and moderate NUM. By yesterday evening it appeared that settlement would be reached based on the weekend offer.

Meanwhile, the entire 4,000-strong black workforce struck yesterday at the Durban Deep goldmine just west of Johannesburg. Management there said the strike arose from dissatisfaction with wages, but black unionists pointed out that Durban Deep's housing compound for migrant workers compared unfavourably with those of more modern mines.

In Soweto yesterday, thousands of blacks heeded a call to stay home issued by a campaign to free the long-imprisoned black leader, Mr Nelson Mandela. Private taxis, which normally carry many Sowetans to work in Johannesburg, did not operate yesterday morning, while public transport buses, which were generally less than half full, moved through the township under police escort. Outbreaks of violence were rapidly broken up by police using tear gas and rubber bullets.

## Reagan backs stronger links to Japan

By Reginald Dale, U.S. Editor in Washington

PRESIDENT REAGAN yesterday welcomed a high-level report on U.S.-Japanese relations which calls for an overhaul of their links through a wide range of economic, trade, financial, defence and political initiatives. The President called the report "magnificent" when it was made public at the White House.

The report by the U.S.-Japan Advisory Commission, says that while there are few areas of basic conflict "an unacceptable level of friction is eroding goodwill and mutual trust between the two countries." It urges that the Prime Minister of Japan and the President take overall personal responsibility for resolving the problems.

The 15-member advisory commission was set up after a meeting in Washington between President Reagan and Mr Yasuhiro Nakasone, the Japanese Prime Minister, in January 1983. While it has no official status, its recommendations are bound to be taken seriously by the two governments.

The report gives warning that "issues tend to become politicised before sufficient effort has been made to resolve them at an administrative level; debate on relatively minor issues has diverted attention from more fundamental questions; and too often each side blames the other where internal adjustments may be the answer."

It points to the growing trade imbalance in Japan's favour as one of the most important causes of friction and says there is no sign that it is diminishing in absolute terms.

The U.S., it says, needs to reduce its budget deficit to help lower interest rates and reduce the "overvaluation" of the dollar.

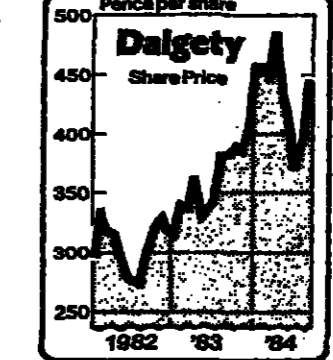
Japan should play a more positive role in stimulating world economic recovery by increasing its own growth rate and reducing unprecedented high trade and current account surpluses. Regular consultations on broad trade and capital issues should be strengthened.

"Although Japan has made a series of unilateral trade concessions, there remain specific difficulties to market entry in Japan, which call into question Japan's commitment to free or fair trade," the report says.

Positive market-opening efforts by Japan, however, must be matched by a more positive U.S. export strategy at both government and private levels.

Improving the exchange rate should be an important goal.

## THE LEX COLUMN Wholemeal profits from Dalgety



The foreign exchange markets scarcely bothered to offer an explanation for the dollar's renewed strength yesterday. The pound shed almost one per cent of its trade-weighted value in the course of a day with no news developments of any real significance to the foreign exchange. Perhaps, in the absence of news, the markets have little to do except contemplate the level of real short-term interest rates in the U.S. and the obvious reluctance of the Bank of England to see its own rates rise. And that hardly adds up to a reason for selling the dollar.

### Dalgety

Dalgety has every cause to celebrate its centenary year. The repositioning of the past 18 months has left the group with a base of higher quality earnings and a more coherent business structure. While the fruits of that exercise have yet to be reaped, it did not harm yesterday to see Dalgety reporting a 28 per cent improvement in pre-tax profits - to £57m (\$83.1m) - and the first dividend increase since 1969.

The past two years have admittedly been so full of commercial and climatic oddities that straightforward comparisons are of limited value.

The latest year to June has seen the benefits of rainfall in the antipodes, currency translation gains totalling about £3m and a first-time trading contribution of £4.6m from RHM Agriculture.

At least the shape of Dalgety is now fairly clear. Canadian lumber is almost the only highly cyclical business left, and most of the rest of the portfolio, while mature, should at least be generating cash. Last year, very roughly, Dalgety produced a positive cash flow from its operations of £1.1m.

Despite the successes, Dalgety has still to show that UK pet foods and U.S. distribution provide enough growth potential to balance the mature operations elsewhere.

Debt should be held to about 45 per cent of shareholders' funds, by the end of this year, so the group can meet its obligations without spoiling the centenary with a rights issue. The difficulty is that Dalgety is anxious to buy in the U.S., where the present level of earnings multiples make acquisitions rather expensive, particularly for a sterling-based company.

Without an acquisition, however,

### Hutchinson

Even happy recipients of the cash have been expressing some bemusement recently at the prices being paid for stockbrokers and jobbers. Faced with the daunting task of justifying fancy earnings and asset multiples, the purchasers themselves have preferred to emphasise the premium value of the people involved.

That is all very well so long as the people stay put but golden handcuffs and incentive schemes cannot alone guarantee long and loyal service. The departure of Mr John Hutchinson, Wedd Durstebach's star gilt-edged market-maker, is an interesting straw in the wind.

It is perhaps less surprising that he has elected not to spend the rest of his days on the pay-roll of a clearing bank than that he has so quickly managed to leave those handcuffs dangling from his dealing desk.

### Brooke B'd/Unilever

Tea prices in the London auction market have shot up by nearly a quarter in the last couple of weeks. No doubt this has eased Brooke Bond's conscience over slipping a portion of its earnings forecast into its latest defence document, with less than three months' figures in the bag. But the volatility of the market can only serve as a reminder of the group's traditional insistence that talk of future profits is so much waste of breath. Nor does re-

lying on recent sales and volume trends do much for the forecast, given management's acknowledgement of the hurly-burly in the UK groceries sector.

Brooke Bond's problem in trying to squeeze a few more pennies out of Unilever is that it lacks real credibility either as a growth stock or as an income investment. Earnings per share progress is charted almost according to the Chubb school of graphics - the 1983 figure is less testing than any of the five prior years - while the jump in the prospective yield to 7 1/2 per cent, with the shares at 115p, does not compare with yields offered on the stock in recent years. There is no disputing Brooke Bond's achievement in regrouping its resources in the tea market since 1978 and an exit p/e of 9.2 - accepting its latest forecast - might be even more of a bargain for Unilever than for any other buyer around, but better terms may still need some coaxing.

### Tarmac

Tarmac's growth record has been so consistent these last five years that it now makes as much in the seasonally weak first half - £36m before tax for the six months to June - as it did in the whole of 1980. Yet in relative terms the shares have gone more or less nowhere for a year or two. Although the profits increases keep churning out, the market seems to be keeping its eye more firmly on the group's propensity to buy earnings - albeit successfully - perhaps next from the likes of British Johnson.

As for the seemingly satisfactory trading picture, it says much for Tarmac's mix of activities that it has been able so easily to shrug off a 10 per cent loss of volume in road surfacing to local authorities. Cash limits there were overcome by rising sales of "dry" products to the private sector, and by improved profitability in the U.S. and South Africa.

In this light it is fortunate that local authority purse-strings have loosened in later months, and motorway reconstruction apparently turned into one of the UK's growth industries. It would take a cautious analyst to project much less than £100m pre-tax for the full year. At 45p, up 2p yesterday, and at an indicated 35 per cent tax charge, that suggests a multiple of nine. Not a premium rating even in the sector, let alone the market.

## Fresh bid for UK coal peace

By John Lloyd and David Brindle in London

A NEW INITIATIVE to try to break the deadlock in Britain's national coal strike was made yesterday by the Government's independent industrial conciliation service, Acas.

Officials from Acas made contact with both sides for the first time in the dispute, now in its 28th week. They won agreement from the National Coal Board (NCB) and the National Union of Mineworkers (NUM) for separate "briefing" meetings on the strike. Both sides, however, made it clear that they saw the conciliation service playing a limited role.

The move came as union leaders in the power supply industry delayed decisions on action in support of the mineworkers. There were indications that the nine unions, which met in London yesterday, will find it difficult to achieve a common approach.

After the three-hour meeting, a statement was issued stating that the Electricity Supply Trade Union Council was willing to meet the NUM without prior commitment, under the auspices of the Trades Union Congress (TUC). The statement said that the decision to meet the NUM did not alter "in any way the declared positions of each individual union."

The tone of the statement indicates continuing caution by the unions over committing their members to any supportive action. Two of the unions, the electricians and the power engineers, have already declared outright opposition to the TUC's call to ban the use of coal, coke or oil carried across miners' picket lines.

It was revealed yesterday that the NUM has made its first reported expulsions from the union of miners who have continued to work. Three men, all members of the Durham mechanics branch in northern England, were expelled under the union's new disciplinary code.

The NCB hoped that yesterday would see a greater return to work by miners for the first full working day since the breakdown of talks with the NUM at the end of last week. But it failed to materialise. Yorkshire, the most militant and largest coalfield, reported a total of only 29 men working - about the same as last week.

The NUM claimed that there had been a fall in the numbers working in the largely strikebound coalfields. It said that 151 pits and 60 per cent of the workforce was on strike, with no pit working normally. The NCB said 42 pits were working normally.

Mr Sid Vincent, general secretary of the Lancashire NUM, yesterday blamed the breakdown of the peace talks on the Government. He said there were three occasions last week when the NCB negotiating team had consulted ministers.

Stakes are high in the coal dispute, Page 18

## Consensus reached over trade issues at conference in Brazil

By Andrew Whitley in Rio de Janeiro

AN informal conference of trade and economy ministers from Western industrialised and developing countries which ended in Rio de Janeiro yesterday appeared to have scored an important breakthrough on a number of issues currently bedevilling international trade.

Sr Ernane Galves, the Brazilian Finance Minister - speaking on behalf of the other 16 countries and international organisations represented - said it had been perhaps the most important meeting on advancing the objectives of the General Agreement on Tariffs and Trade since the major Gatt conference in Geneva in November 1982.

Among the issues on which consensus on the need for action was reached during the two-day event were:

- A greater role within Gatt for exports from developing countries,

through an expansion of the General System of Preferences scheme.

- Reduction of Agricultural subsidies in major industrialised countries, and the need for greater access by developing country products to these markets.
- The need to bring sugar and beef exports within the scope of Gatt - an issue which united such diverse countries as Australia, India, Argentina and Brazil.
- The use of trade safeguards, such as anti-dumping and countervailing duties, by industrialised countries to protect declining industries against competition from Third World manufacturers.
- "It is unjust," the Brazilian minister said, "to use these mechanisms to prevent greater access by developing countries for their manufactured and semi-manufactured products," particularly at a time when

many of them were trying to redress their heavy external indebtedness through higher exports.

General agreement was reached among the participants on the need to liberalise trade as far as possible, and on the necessity for industrialised countries to make an adjustment effort comparable to that being undertaken by many developing countries.

Although criticism was apparently not levelled against any particular country or group of countries during the closed-door conference, it was evident from yesterday's summing-up that the policies of the European Community and the U.S. had been very much in the dock.

Western industrialised countries were singled out for their protection of "certain traditional industries condemned by the technological changes of the past decade."

## Rush for \$ forces Israel to devalue

By David Lennon in Tel Aviv

ISRAEL'S new Government was forced to devalue the shekel by 9 per cent yesterday because of the massive buying of dollars over the last few days by a public anticipating a reduction in the value of the local currency.

The Government had intended to devalue the shekel at the same time as it introduced a number of other measures designed to halt the deterioration of the economy. Because there was a rush to buy dollars, \$80m on Friday alone, Mr Yitzhak Moda'i, the Finance Minister, recommended staging the devaluation immediately, rather than holding it back until the other steps are introduced.

The 9 per cent adjustment is actually very moderate, considering that since the beginning of September the shekel had already depreciated against the dollar by 12 per cent, before yesterday's devaluation.

The price of petrol was also increased by 9 per cent yesterday.

Dr Moshe Mandelbaum, Govern-

## Mulroney names Cabinet

By Bernard Simon in Toronto

CANADA'S new Progressive Conservative Government was sworn in yesterday, ending 21 years of almost unbroken Liberal rule.

Prime Minister Brian Mulroney named a 49-member cabinet likely to be welcomed by the Canadian and foreign business community.

Mr Michael Wilson, aged 46, a former Toronto investment dealer, is Finance Minister. Mr Joe Clark, 46, who headed the Conservatives' short-lived minority government in 1979, takes the external affairs portfolio.

The Conservatives won a landslide victory in general elections earlier this month, winning 211 of the 282 seats with a majority in each of Canada's 10 provinces. Mr Mulroney has tried to achieve a balance between the main regions in the makeup of his cabinet and the team includes 11 ministers, including himself, from Quebec, where the Conservatives unexpectedly won 56 seats. Among them is Mr Marcel Masse, vice-president of the international engineering group Lavale, who has been appointed to the communications portfolio.

Western Canadians in the new cabinet include Mrs Patricia Cairnes as Minister of Energy, Mines and Resources. Mrs Carney, formerly an economic consultant, is a recognised authority on Canada's oil and gas industry.

Mr Mulroney has also created a new Ministry of Forestry, in a move aimed at securing support in Western Canada and the Atlantic provinces.

Before the new cabinet was sworn in, the Governor General, Mrs Jeanne Sauvé, accepted the resignation of former Prime Minister Mr John Turner, who held office for less than three months.

## Troops to leave Chad

Continued from Page 1

in no manner connected with President Mitterand's private visit to Morocco for talks with King Hassan earlier this month. The French Minister also declined to disclose when the Chad withdrawal would be completed, saying that the date would be kept secret.

Mr Cheysson said the two countries would watch that the withdrawal agreement was properly executed.

A number of questions still remained unanswered last night over the future of Chad. Not only was there no mention of how the withdrawal would take place, there was no indication on the future of the 2,000 troops from Zaïre currently in Chad at President Habre's demand.

Moreover, this is the second time in four years that French troops are pulling out of Chad, and the second time in less than three years that Libya says it is withdrawing its troops from the central African territory.

## Exxon strikes oil offshore in China

By Dominic Lawson in London

THE FIRST significant Chinese offshore oil find was announced yesterday by Exxon, the world's largest oil company.

The Wenchang 19-1-S well, located about 120 kilometers east of Hainan Island in the Pearl River Basin of the South China Sea produced 3,200 barrels of oil per day. The crude was 35 degree gravity. This is an excellent light crude, comparable with North Sea oil.

Exxon describes the initial tests of the discovery as "encouraging", a rather less effusive reaction than that of officials of the China National Offshore Oil Corporation who described the result as "very inspiring," according to the New China news agency.

However, Exxon said yesterday that further drilling would be necessary to determine whether the field would prove to be commercial.

The well is the third drilled by Exxon in a 90-50 partnership with Shell, in its China exploration programme. Exxon had been drilling the successful well since the beginning of June.

## Tail-off in UK economy predicted

Continued from Page 1

ing in Whitehall and among ministers that this and other indications of the state of the economy and monetary conditions point to the need for a fall in UK interest rates.

The Government believes, however, that its hands are tied by the continued strength of U.S. interest rates and associated nervousness about sterling, particularly while the miners' strike remains unsettled.

Those economic arguments have been strongly reinforced by a shift of ministers' concern from inflation to unemployment as the main British issue. That was emphasised by the appointment of Mr Michael Young, former head of the Manpower Services Commission, to a Cabinet post.

It was also shown by the haste of ministers to bring interest rates down again this summer after the enforced rise in July, when sterling seemed to be moving down a slippery gradient.

Yesterday's indicators have to be seen against a background of official figures that suggest that manufacturing output has been stagnant this year while unemployment has been rising at an underlying rate of between 10,000 and 15,000 a month. That concern will be strongly expressed by Mr Nigel Lawson, the Chancellor of the Exchequer, when he meets Mr Donald Regan, the U.S. Treasury Secretary.

## World Weather

Location	Temp	Wind	Sea
Alexandria	24	SE 10	S 1
Algeria	21	SE 10	S 1
Amman	18	SE 10	S 1
Antwerp	16	SE 10	S 1
Athens	22	SE 10	S 1
Baghdad	24	SE 10	S 1
Bahia	24	SE 10	S 1
Bangkok	28	SE 10	S 1
Barcelona	18	SE 10	S 1
Bombay	28	SE 10	S 1
Buenos Aires	16	SE 10	S 1
Calcutta	28	SE 10	S 1
Cairo	24	SE 10	S 1
Cardiff	16	SE 10	S 1
Cebu	28	SE 10	S 1
Colon	28	SE 10	S 1
Hankow	24	SE 10	S 1
Hong Kong	28	SE 10	S 1
London	16	SE 10	S 1
Lyons	16	SE 10	S 1
Manila	28	SE 10	S 1
Mexico City	24	SE 10	S 1
Moscow	16	SE 10	S 1
Nairobi	24	SE 10	S 1
Peking	24	SE 10	S 1
Perth	24	SE 10	S 1
Rangoon	28	SE 10	S 1
Riyadh	24	SE 10	S 1
Singapore	28	SE 10	S 1
Sourabaya	28	SE 10	S 1
Tokyo	24	SE 10	S 1
Yokohama	24	SE 10	S 1

## Briefly...

The Kawasaki plant of Komatsu, Japan has just taken delivery of the biggest Max-check computer controlled measuring machine built so far by Ferranti Metrology Systems, Aston-Trent.

Ferranti Offshore Systems (FOSS) has been contracted to design and supply special inclinometers for use on Conoco's Hutton Tension Leg Platform in the North Sea.

## ADVERTISEMENT

### AIRPORTS

#### ATC for Barbados

Ferranti Computer Systems, Bracknell Division, has won an order, from the Government of Barbados, to supply Air Traffic Control equipment for installation at Grandley Adams International Airport. The order, worth well over £1m, is for a radar data processing system and an ATC radar simulator.

Linked to the recently installed ASR 9410 primary radar and CEL 850 SSR equipment for the new Type 2050 Sonar to equip the Royal Navy's Type 22 Batch III and Type 23 frigates.

The contract, which is the first major naval contract to go to open tender, covers development and production work over the next 4 1/2 years of the first seven sets, together with associated equipment. Further orders for the sonar could raise the total value to well over £50m.

### DEFENCE

#### FADS in the Falklands

A contract worth over £1m has been awarded by MOD to Ferranti Computer Systems, Cheshire Heath Division, to supply an Air Defence Ground Environment System for use by the Royal Air Force in the Falkland Islands. The system was developed with assistance from the RAF and is based on the Ferranti Air Defence System Mk 4. Air defence systems based on the FADS 4 concept are already in service with the RAF in the UK and on order for NATO. Typical uses are in command centres and dispersed locations to provide up to date displays on the existing tactical situation, by compiling, managing and distributing "the recognised air and surface picture. Information may be conveyed from radar or other sensors, either automatically through datalinks or by operator entry via the keyboard. Other possible uses would be to provide local tactical displays or situation displays for Naval forces which would be particularly useful for coastal defence applications.

## The good news is FERRANTI Selling technology

The Kawasaki plant of Komatsu, Japan has just taken delivery of the biggest Max-check computer controlled measuring machine built so far by Ferranti Metrology Systems, Aston-Trent.

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# Comptroller faces probe over Continental affair

BY PAUL TAYLOR IN NEW YORK

U.S. CONGRESSIONAL investigators today begin the first round of hearings on the near-collapse of Continental Illinois, the Chicago banking group, which was bailed out in July with a \$4.5bn government-backed rescue package.

The House banking committee will investigate the causes of - and Federal regulators' responses to - the problems which beset the nation's seventh largest banking group and sent shock waves through the U.S. banking and financial system.

The hearings are expected to focus, at least initially, on how aware the Comptroller of the Currency's office was of Continental's problems and what the comptroller, whose office had primary responsibility for supervising the bank, did to forestall a crisis at the bank

and stop its problems spreading to the rest of the industry.

Mr C. Todd Conover, the comptroller, is due to appear before the committee tomorrow and is generally expected to face tough questioning by Representative Ferdinand St Germain's committee.

In particular, Congressmen are likely to want detailed answers to questions about Continental's rapid growth in the 1970s and its disastrous dealings with Penn Square, the Oklahoma-based bank from which Continental purchased \$1bn in energy loans.

They are also likely to ask whether the comptroller's office could have done more to prevent Continental's financial problems escalating to the point where it needed the biggest-ever Federal rescue, and whether at any stage it

considered replacing the bank's senior officers. Continental's senior executives were not replaced until late July, after the rescue package was put in place.

Since then, despite reporting a second-quarter net loss of \$1.1bn, the bank has shown some signs of a slight improvement in its financial health. In particular, its borrowings from the Federal Reserve Board appear to have edged down from the \$7.3bn level of mid-August.

The congressional hearings come at a particularly crucial time since both the Senate and the House are considering new banking legislation. Continental Illinois' problems are thought to have inspired many of the measures in the proposed bill, in particular those restricting further deregulation of the U.S. banking industry.

# N-power increase forecast for 1990s

By Andrew Baxter in London

THE U.S. will have to return to the nuclear option for power generation in the 1990s, but big changes in the regulatory environment will be needed, Mr William Gould, chairman of Southern California Edison, said in London yesterday.

Mr Gould forecast there would be no new nuclear projects announced in the next six to seven years, but eventually the cost savings which nuclear power could bring for consumers would cause a renewal of interest, especially if oil prices were to rise sharply. He predicted that by the 1990s, plans would be in place for new plants.

The U.S. nuclear power industry has been plagued in the past two years by massive cost overruns, safety problems, and management mistakes. Social Edison, one of the biggest U.S. utilities, has virtually avoided these problems, although units 2 and 3 at its San Onofre plant, which have taken 10 years to build and are now largely in operation, have cost \$4.5bn against an original budget of \$1.6bn.

This compares with just \$90m for unit 1, which came on stream in 1968, but Mr Howard Allen, who steps up from president to chairman when Mr Gould retires on November 1, said the overrun was reasonable by industry standards.

Mr Gould indicated that a less adversarial or politicised attitude by regulators and a major commitment to standardisation by power plant manufacturers, would be required for the nuclear industry to experience a rebirth.

Social itself announced at the beginning of the decade that it would not build any major new centralised power plants, nuclear or otherwise, for 15 years. In the past two or three years it has invested heavily in alternative energy resources, prompted by "sound business reasons" as well as the extra difficulties it faces building major plants in an area renowned for earthquakes.

Social Edison has been an active borrower on the Euromarkets, raising \$450m in seven issues. Mr John Bryson, senior vice-president and soon to be chief financial officer, said that, on present plans, the company would exercise a call option in November on its \$75m Eurobond launched in November 1981,

# Danish shipping group to stay in loss this year

BY HILARY BARNES IN COPENHAGEN

DFDS, the Danish freight and passenger shipping group, has suffered a Dkr 80m (\$7.3m) loss in the first half of 1984, and forecasts a loss for the year of Dkr 110m to Dkr 130m, compared with a budgeted loss of Dkr 50m.

The directors say they are implementing a plan to improve earnings and reduce costs over a wide front. That would have only a small effect in the second half of this year but would contribute a substantial improvement in earnings in 1985, according to an interim statement.

The board said it expected a small net surplus in 1985, including extraordinary revenues.

DFDS lost Dkr 326m in 1983, almost all of it arising from a decision at the beginning of the 1980s to open a cruise operation between

New York, the Bahamas and Florida. The New York-Bahamas part of this operation was abandoned last year.

DFDS was rescued in April when shareholders were asked to subscribe more capital and guarantees were provided for the sale of ships by the majority shareholder, the Lauritzen shipping and industrial group.

DFDS blamed its poor first-half performance on unexpected extraordinary expenses of about Dkr 20m, increased fuel costs as a consequence of the strong dollar, the negative effect of labour disputes in UK ports and a fire that depressed earnings from its one remaining Bahamas-Florida ferry, Scandinavian Sun.

Two divisions of Christian Rov-

ing, the Danish computer manufacturer and software company that went into bankruptcy two weeks ago were sold to Danish companies yesterday.

Great Northern Telegraph, which has extensive interests in the Danish electro-technical industry, is to take over the micro-data division, which manufactures Roving computers. It has a workforce of 179.

Novo, the Danish pharmaceuticals and enzymes manufacturer, and Superfos, the chemicals company, are taking over the division that processes control systems, using custom-made hardware and software.

At the time of the bankruptcy, Roving had 1,200 employees and its 1983 turnover was Dkr 621m (\$56.45).

# 59% jump in profits for Banca Italiana

By Alan Friedman in Milan

BANCA COMMERCIALE ITALIANA, Italy's second largest bank, yesterday announced a 59 per cent jump in its net profit for the first six months of this year, to L40.8bn (\$21.6m).

The Milan-based bank, which is controlled by the IRI state holding group, said last night that its total lire deposits had risen by 11.85 per cent to L21,940bn during the 12-month period which ended in June.

Firelli SpA, the Italian holding company which controls 46 per cent of the Prelli cable and tyres group, last night announced a net profit of L32.7bn (\$17.3m) for the 12 months to June 30. Because Firelli has shifted its year-end to June, there are no comparable figures. In the 14 months to June 1983 the Prelli SpA profit was L21.1bn.

The group did not release turnover figures yesterday and said the Firelli SpA profits included earnings from transactions on the Milan bourse as well as items such as interest on inter-company loans.

Total Firelli group sales for the 1983 calendar year were L5,907bn.

# InterNorth to buy Texaco resin producer

By Our Financial Staff

INTERNORTH, the U.S. energy and pipeline group, yesterday agreed to acquire Chemplex, an ethylene and polyethylene resin producer, from Texaco on undisclosed terms.

Last week Mapco, another integrated U.S. energy and pipeline group, pulled out of an earlier deal to buy the Illinois-based Texaco unit, which Texaco acquired through its acquisition of Getty Oil.

InterNorth said yesterday that it had signed a letter of intent to acquire the resin producer. The company estimated that Chemplex would add about \$300m a year to its \$5bn a year in revenues.

The deal, which represents the latest step by Texaco to restructure its assets after its record \$10.1bn acquisition of Getty Oil earlier this year, is subject to a number of terms and conditions, including the negotiation of a final agreement. Texaco has sold a number of former Getty assets since completing the acquisition.

InterNorth, which had net earnings of \$232.5m last year, said the Chemplex unit would expand the operations of its northern petrochemical subsidiary.

# Haniel bid for U.S. metal recycling group

BY JOHN DAVIES IN FRANKFURT

FRANZ HANIEL, the West German trading group, is proposing to take over Steelmet, the U.S. metals recycling company, which has fallen into financial difficulties.

A U.S. company in the Haniel group would take over Steelmet of Pittsburgh for \$8m under a plan submitted to court authorities who are examining Steelmet's position under Chapter 11 proceedings of the U.S. Federal Bankruptcy Code.

Haniel claims to have the back-

ing of the Steelmet board and of its creditor banks, but the plan has to be formally approved by the court.

The Franz Haniel group is a family concern dating back more than 200 years. Its interests include wholesale and retail distribution of fuels, as well as other industrial, transport and service operations.

Its sales reached DM 8.9bn (\$2.96bn) last year but will be higher this year after building up its U.S. food sales operations.

# Plan for Bowater mill

BY ROBERT GIBBENS IN MONTREAL

KRUGER of Montreal, a big privately owned newsprint, coated paper, tissue and packaging company, says it is prepared to put more than C\$400m (U.S.\$304m) into the Bowater Corner Brook newsprint mill over the next 10 years. Kruger would ship the newsprint to long-standing customers in the U.S.

It was announced at the weekend that Bowater Inc, the North American forest products group spun off from Bowater of the UK earlier this year, had agreed in principle to sell

the Newfoundland mill to Kruger for an undisclosed sum.

Bowater has not given any details of the agreement so far but it is believed that Kruger has made it conditional on the Canadian Paperworkers' Union accepting a special productivity pact.

Negotiations for the sale of the mill have been going on for a year since Bowater decided to put all its North American resources in its south-eastern U.S. mills.

# AEG completes rescue payout

BY OUR FINANCIAL STAFF

AEG-TELEFUNKEN, the West German electrical manufacturer, is due today to make a final DM 350m (\$115m) payment to its creditors, two years after financial collapse obliged it to seek the protection of the courts.

The payment is the last under the court-approved reconstruction of the company, whereby creditors agreed to accept 40 per cent of debts then put at around DM 5bn, and

will clear the way for the formal ending of the court-administered composition proceedings (Vergleichsverfahren).

Since the company entered the proceedings, it has seen sales shrink from DM 14.8bn in 1981 to DM 11.5bn last year - a figure that it expects roughly to match this year. However, Hans Heinz Dietz, the chief executive, who joined the company in 1980 with a brief to res-

cue it from impending disaster was able to report a small net profit of DM 37m last year - the first for 15 years. He has forecast that the group will remain in profit in 1984.

During the past two years, AEG has been obliged to withdraw from several sectors in which it previously sought to compete with Siemens in West Germany and with other leading European companies.

# Lucas Bols ahead 13% at mid-year

BY OUR FINANCIAL STAFF

LUCAS BOLS, the Dutch distiller, reports higher profits for the first half of 1984 and says earnings for the whole of this year should also show an improvement.

Helped by widening margins, operating profits rose by 10 per cent to F143.5m (\$12.8m), while at the net level growth was further extended by lower financing costs. Net profits

were 13 per cent ahead at F1 26m, against F1 23m a year earlier.

Sales for the six months have improved by 5 per cent to F1 424m despite the effect of an increase in excise duty in February on the Dutch market. Domestic sales account for around a third of Bols' total turnover.

The company reckons its earn-

ings for the whole of 1984 will emerge above the F1 53.3m achieved in 1983. The final months of the year are a peak selling season for Bols.

The company has diversified rapidly in recent years, building up operations outside the Netherlands and moving away from the spirits business.

# NZ group set for \$50m issue

By Terry Povey

NZI CORPORATION, the New Zealand-based insurance group which was previously named New Zealand South British, is asking shareholders to approve the issuing of up to US\$50m in convertible bonds when they meet on October 2.

This is the first time that NZI has tapped the international market for funds and the aim is as much to diversify shareholdings as to raise money, Sir Alan Hellaby, the group's chairman, said yesterday.

The group is one of New Zealand's largest with a market capitalisation of NZ\$660m (US\$325m).

# Interim Results 1984 Hongkong Land

**Chairman's Comments**  
Results The unaudited consolidated net profit after taxation and minority interests but before extraordinary items for the half year to 30th June 1984 was HK\$175 million (£16 million\*). This compares with a net loss of HK\$10 million (£1 million) for the corresponding period in 1983, as restated for the changes in accounting policies made in the 1983 Accounts.

No interim dividend will be paid.

**Finance** On 13th August 1984, HK\$1,902 million (£179 million) was paid to the Hong Kong Government in respect of the Exchange Square site final payment. The Company's total borrowings are now approximately HK\$14,200 million (£1,338 million) with the peak debt requirement still estimated to be around HK\$16,000 million (£1,507 million).

**Investment Properties** There continues to exist an oversupply of Grade A office space in Central District, and rents have continued to fall slightly during the year. Nevertheless, occupancy of the Company's total commercial portfolio, including The Hong Kong Club Building, is now 92%. In the first eight months of the year, 78 existing tenants have taken additional space and 85 new tenants have been attracted to the portfolio resulting in a net additional take-up of more than 179,000 sq. ft.

**Development Properties** The Hong Kong Club Building was completed in June and is now 40% leased. Exchange Square was topped out by His Excellency the Governor on 8th June and the office space will be ready for occupation by March 1985. The construction of Fleet House progresses on schedule.

Sale of The Connaught in Sydney has proceeded better than anticipated and the marketing of Punahou Cliffs in Hawaii has just started.

The Company is now involved in litigation in respect of the Miramar joint venture and the Queen's Gardens site.

**Food: Dairy Farm** Growth in Dairy Farm during the first six months has continued through the expansion of its retailing and manufacturing business. In Hong Kong, Australia and Singapore 16 new retail outlets have brought the total to 238. Overall results have been adversely affected by unfavourable trading conditions in Singapore.

**Hotels: Mandarin International Hotels** The hotel group has benefited from good results in Hong Kong, but conditions in Bangkok and Jakarta have been difficult. In the first half year, two new hotels have been opened - The Macau Excelsior and The Vancouver Mandarin.

SIMON KESWICK Chairman  
Hong Kong, 14th September 1984

\* Conversion rate as at 30th June 1984 - HK\$100 = £9.42

## Half Year Results

(unaudited) Six months: January/June

	1984	1983*
	HK\$ millions	
Operating profit	659	650
Investment properties, food and hotels		(429)
Properties developed for sale	170	209
Share of profits less losses of associates	47	115
Investment income	876	545
Interest (net)	(539)	(381)
Profit before taxation	337	164
Taxation	(161)	(173)
	176	(9)
Minority interests	(1)	(1)
Profit after taxation and minority interests	175	(10)
Earnings per share	8.2c	(0.5c)

As at 30th June HK\$100 = £9.42  
\*As restated for changes in accounting policies.

The Hongkong Land Company Ltd  
Alexandra House, Hong Kong

This announcement appears as a matter of record only.

**IMI**

**Istituto Mobiliare Italiano**

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July 27, 1984

## INTERNATIONAL COMPANIES and FINANCE

Dated 18th September, 1984



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The interest payable on the relevant interest payment date, 18th March, 1985 against Coupon No. 11 will be U.S.\$62.56 per U.S.\$1,000 note.

Bankers Trust Company London

## Local banks in the UAE may be forced to merge

BY KATHY EVANS IN DUBAI

THE 24 locally incorporated banks in the United Arab Emirates may be forcibly merged by the government, Mr Ahmed Al Tayer, the country's Minister of State for Financial Affairs, said in Abu Dhabi yesterday.

The Federal Government and the UAE central bank have long been urging that the banks undergo voluntary mergers in order that the state's banking system be strengthened. So far, though, few have entered into serious negotiations.

"The Emirates is a free country but if necessary, then these banks will be merged by law" said the minister. "Family pride in one's bank or business is one thing, but when it is against the public interest and that of depositors, then we have to look at this matter carefully."

Mr Al Tayer said that in his personal view the banks should be given a period—about a year—to make the necessary mergers, but after that, he would feel free forcibly to merge them.

Many UAE banks are owned

by individual merchant families or by leading sheikhs and rulers of the separate Emirates. Some of the families, and their banks, have been hit by the downturn in trading, and many loan portfolios now carry substantial proportions of doubtful debts. There is concern that some of the smaller banks, which were latecomers to the financial scene, may find the future difficult if there is no return in government spending.

The ministers said that the issue of mergers had become particularly relevant after the necessary restructuring and bail-out of Union Bank of the Middle East. Abdul Wahab Galadari, its former chairman and a prominent Dubai merchant, is now in the process of liquidating his assets following the takeover of his bank by the Dubai government.

"When the banks are in trouble, they look to the federal government for help. After what happened at the Union Bank, we have to be careful with the public's money," explained Mr Al Tayer.

The minister had previously stated that he would like to see the number of local banks reduced from 24 to 10 or 12. However, the majority shareholdings in six of those banks are owned by ruling families in the Emirates, and the Government could face difficulties in persuading the Sheikhs to merge their national banks into larger units.

Mr Ahmed Al Tayer himself is the chairman of two banks at present—the Commercial Bank of Dubai and the Union Bank of the Middle East—following his appointment as chairman of the committee of receivers for A. W. Galadari. Questioned as to why he does not merge the two banks under his control, the minister said that he would prefer to see banks from differing Emirates come together, rather than mergers taking place between banks in one Emirate. In this way, the newly formed larger banks would be more integrated and would have a strong deposit base throughout the country.

## Fall in capital outflow from Japan

By Jarek Martin in Tokyo

THE OUTFLOW of long-term capital from Japan fell in August to less than half the record levels of July, according to a senior official of the Bank of Japan, the country's central bank.

Preliminary estimates suggested an export of capital of about \$3bn in the month, compared with over \$7bn in July and over \$6bn in June. The reduction was ascribed to a smaller volume of yen borrowing by developing countries and foreigners stopping the large-scale liquidation of their Japanese equity holdings.

The central bank conceded that a substantial capital outflow probably prevented the appreciation of the yen, though the official pointed out that it helped other countries, especially the U.S.

Over the first seven months of this year Japan was a net capital exporter to the tune of about \$27bn, compared with only \$8bn in the same period of 1983; over the same span, the nation's current account surplus has risen to over \$17bn, against about \$10bn in 1983.

The central bank official was unable to see any signs that the yen would appreciate against the U.S. dollar although he did note that it had been strong against European currencies, especially the Deutsche mark. The DM closed yesterday at just over Y90 well below its Y90 peak achieved on March 1.

However, encouragement is being taken from the fact that the strength of the dollar did not appear to have adversely affected the Japanese economy. This was ascribed to stable commodity prices and to the fact that the domestic economy was showing no signs of overheating. Though real growth had picked up to a 5 per cent annual rate, inflation remained extremely low at about 2 per cent, said the bank.

Capital spending by major Japanese companies in the year ending March 31, 1985 will rise by 10.8 per cent over the level of 1983-84, reports Reuter from Tokyo.

The early August survey by Nihon Keizai Shimbun of 1,305 major companies listed on Japan's eight stock exchanges helped firm prices on the Tokyo stock market yesterday. The previous survey, in early February, pointed to an 8 per cent increase compared with a 4.5 per cent fall in 1983-84.

## AMD well ahead but still short of forecast

BY WONG SULONG IN KUALA LUMPUR

ARAB MALAYSIAN Developments (AMD), the banking, property and textile group, has recorded a sharp increase in pre-tax profits to 25.4m ringgit (U.S.\$10.9m) for the 15 months to March compared with 2.1m ringgit for the previous 12 months.

However, the group, known previously as Taiping Textiles, did not meet its forecast of pre-tax profits of 29.3m ringgit made early this year during a rights issue and an acquisition bid.

The bulk of the profits, as expected, came from the company's 48 per cent associate Arab Malaysian Merchant Bank, where profits rose to 43.8m ringgit from 29.5m ringgit.

The AMD share of this profit was 19.7m ringgit. The property division also reported increased earnings, and the textile operations returned a profit of nearly 0.5m ringgit compared with a 2.3m ringgit loss previously.

AMD, which is paying a 5 cent final dividend on 530m shares of 50 cents each, expects further improvement in all its business activities.

Datik Arman Hashim, a prominent Malay businessman, owns 70 per cent of AMD, as well as Ate remaining 55 per cent of Arab Malaysian Merchant Bank.

After-tax profits of Esso Malaysia fell by 14 per cent to 32.6m ringgit in the half year to June. The company said that it benefited from a reduction in crude oil prices in the first half of last year, but prices were stable this time around.

Earnings were also affected by the non-renewal of a fuel oil contract by the National Electricity Board. Because of lower fuel deliveries, sales were lower, although the company did not provide figures.

The ammonia business saw increased sales as a result of better demand in the fertilizer market, but production was still 14 per cent below design capacity and, with stiff competition, profit margins were slim.

The interim dividend is 10 cents on 270m shares of 50 cents, compared with 110 cents on 54m shares of one ringgit each.

## First-half net profits at Kirin Brewery up 60%

BY YOKO SHIBATA IN TOKYO

KIRIN BREWERY, Japan's leading brewer with over 60 per cent of the market for beer, has increased parent company net profits by almost 60 per cent from Y7,88bn to Y12,6bn (\$51.3m) in the six months to July.

Price rises following increases in liquor taxes helped boost earnings, said Kirin. Pre-tax profits rose to Y28,8bn from Y24,8bn on sales of Y62bn, up 7.7 per cent from Y57bn. An unchanged interim dividend of Y3.75 is being paid on net profits per share of Y14.33, up from Y9.17 previously.

During the half-year, Kirin's beer sales rose by 8.2 per cent in value terms. However, in volume terms beer sales actually dropped by 2.5 per cent—the tax and price increases more than compensating for the difference.

The Y20bn benefit from the price increases plus a Y3bn gain from financial balances more than offset the higher advertising and administrative costs involved in an intense marketing campaign for new brands and the commencement of production of Heineken beer under licence.

The company foresees intensifying competition in the market for Shochu (Sake spirit) as well as an impact from the overall decline in sales by the brewing industry—down 11 per cent in volume terms during the June-August period, despite a long, hot summer.

For the current year, to January 1985, Kirin expects a 3 per cent fall in volume sales but price increases should enable sales to reach Y1,160bn. An unchanged interim dividend of Y3.75 is being paid on net profits per share of Y14.33, up from Y9.17 previously. An unchanged total dividend of Y7.5 is also foreseen.

Fujitsu, the electronics major, has reached an agreement with General Corporation, the listed medium-sized electric appliance manufacturer, to sharply boost Fujitsu's stake in General to 6.15m shares, or 10 per cent of the total, reports AP-DJ from Tokyo.

Fujitsu will become General's leading shareholder. The total price for the 6.06m shares to be purchased amounts to Y1,89bn or Y312 a share.

## Three seek openings in Bahrain

BAHRAIN. — A British merchant bank, a U.S. securities firm, and a Japanese bank are considering taking offices in Bahrain, and an Indonesian bank wants to upgrade its representative office to an offshore banking unit (OBU).

It is unclear if the banks are those referred to last month by the Bahrain Monetary Agency (BMA), which said it had applications from institutions to open three representative offices and one OBU.

Bank Negara Indonesia (1946) wants to upgrade its representative office to an OBU. The British merchant bank Robert Fleming and Co is seeking representation here, perhaps under the auspices of a Gulf-based company, while Smith Barney Harris Upham and Co is likely to open an office. The Japanese bank seeking representation is Tokai Bank.

Tokai would be the latest Japanese bank to seek representation in Bahrain, while the interest of Smith Barney and Robert Fleming reflect a growth in investment bank interest in the region. Reuter

## Dunlop Olympic increases earnings and dividend

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DUNLOP OLYMPIC, one of Australia's biggest manufacturing concerns, saw a 41 per cent improvement in net profits in the year to June 30, to A\$63.6m (U.S.\$54.1). It is raising its final dividend from 5 cents to 5.5 cents a share for an effective total payout of 11.05 cents a share against 9 cents previously.

The company is also making a one-for-10 scrip issue. Earnings were 25 cents a share against 17.4 cents previously.

Textiles and tyres contributed to Dunlop Olympic's profits gain last year, though the company does not produce a divisional breakdown. Two years ago half the company's sales were in areas subject to stiff import competition; this has now been reduced to about a third.

Interest payments were sharply lower at A\$17m against A\$25.2m previously, thanks mainly to lower interest rates and increased cash flow. Depreciation was A\$19.9m against A\$18m and turnover A\$1.5bn compared with A\$1.4bn.

According to Mr Brian Massy-Greene, the company chairman,

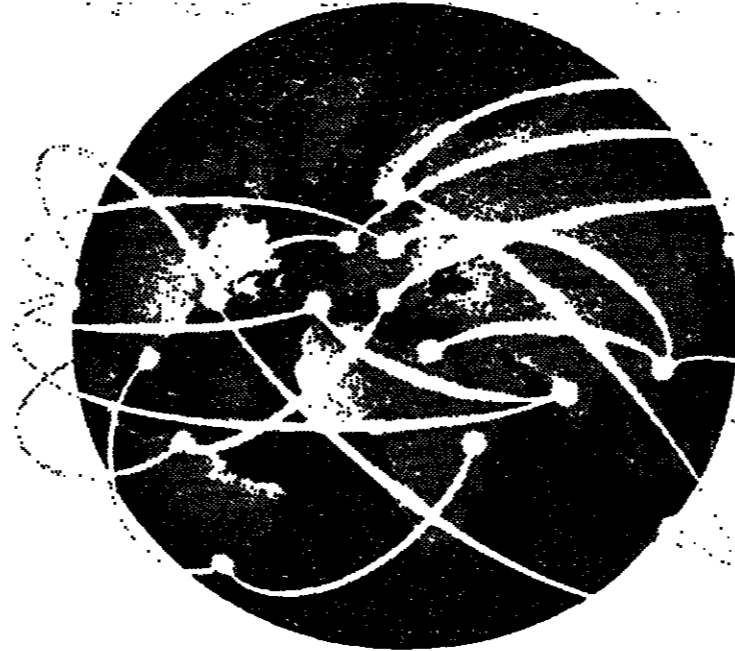
1984-85 has opened strongly with the company achieving a position where it could compete internationally and follow a growth path in major world markets.

Ampol, the Australian-owned oil company, suffered a 5.6 per cent fall in net profits in the year to June 30, to A\$1.2m (U.S\$37.6m), although second-half earnings, at A\$24.6m, were a record.

There was also an extraordinary profit of A\$22.9m. The final dividend is 3.75 cents a share for an unchanged total of 7.5 cents a share, covered by earnings of 18 cents a share, compared with 20 cents previously.

Ampol said that Total Australia, which was acquired for A\$50m in November 1982, was now breaking even, but the acquisition helped boost interest charges from A\$25.2m to A\$30.5m. However, interest earned on investment was A\$10m, against A\$2m previously.

Profits at the 50 per cent owned Ampol Exploration were A\$21.6m against A\$22.5m previously.



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Some of Morgan's European Corporate Banking officers in New York after a regular meeting to share market developments. From left, Hanjo Roosen, Harvey Struthers, John Cornfort, Julie Blake, William Holding (head of the department), François de Seroux, Bence Andriks.

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# UK COMPANY NEWS

## Tarmac up 24% and set for record

APART FROM the oil and industrial division, all other sectors of Tarmac turned in better results and pushed this roadside and civil engineering group's taxable profits up by 24 per cent to £36m for the first six months of 1984, compared with £29m, Turnover expanded from £411m to £597.4m, a rise of 15 per cent.

Mr Eric Fountain, chairman, anticipates that the profit for the full year will show an improvement over the £89.6m for 1983.

In his annual review last July the chairman said the current year had opened quietly, but that the pace of activities was expected to quicken and the group was set for increased profitability and progress.

Mr Fountain says the interim advance was achieved in the face of a difficult market generally for the construction industry. He points out that while in the quarry products division there was a slow start on coated products with deliveries down, this sector was helped by strong performance on dry aggregates in the UK, the U.S. and South Africa. He adds that the acquisition of Hermalite and Francis Parker, and the more recent Westbrick, also contributed to the improvement.

The chairman states that a "marked improvement" was shown by the housing division with completions and reservations up on last year. This sector of the business is looking to achieve 7,000 house sales for the 12 months, against 6,200 in 1983.

On a slightly higher turnover there were also better figures from construction. Mr Fountain explains that the integration of the UK and international sides of this sector is now complete and has led to economies of operation and "enhanced effective-



Mr Eric Fountain, chairman

tiveness in tackling overseas opportunities."

He adds that both the building products and the properties divisions increased their contributions.

The chairman says that the oil and industrial sector was down slightly. The oil refineries, he explains, have been under pressure, due to the weakness of sterling, but the division has benefited from its recent investment in the BP Forties Field.

Midway group profits were after interest payable of £5.8m compared with £3.1m, and were subject to tax of £12.6m (£9.6m). Earnings are given as 16.9p (14.1p) per 50p share and the interim dividend is up from 3.5p to 4p net—last year's final payment was 10p.

After minorities of £0.4m (£0.6m) and dividends £5.4m (£4.8m), the amount retained was £17.6m, against £14m. See Lex.

## Ransomes Sims in strong U.S. position

FIRST HALF results at Ransomes Sims and Jefferies have gone fully up to expectations, says Mr H. Astley Whittall, chairman, in line with his indication last March that the company was expecting a further useful improvement in profits in 1984. Pre-tax profits for the first half this year improved 59 per cent from £14.1m to £22.5m.

In the last full year the pre-tax figure moved up from £2.05m to £3.22m.

Mr Whittall goes on to say that all group activities showed further improvement during the first half—sales of this maker of grass cutting machinery, farm machinery, and industrial equipment rose 22 per cent from £115m to £28.16m.

The net interim dividend has been lifted 10p to 9p—in the last full year a total of 15p was paid. First half earnings per £1 share were shown as increasing from 17p to 25.4p.

Sales of grass-cutting machinery increased in the UK and overseas, with America continuing to be a strong market for products produced by both the U.S. subsidiary, Ransomes, and the parent company at Ipswich.

Despite uncertainties in the farming community arising from changes to the European Community Agricultural Policy, sales of farm machinery in the EU continued to increase, although exports to the rest of the world did not come up to expectation. Action previously mentioned which is being taken at the Ipswich factory to improve U.S. production has continued to be put in place, and the benefits will continue to come through, says Mr Whittall.

Ransomes Property Development has shown a further improvement in profit and is now completing a development of new small industrial units, some of which have already been pre-let.

Pre-tax profits were struck after lower interest of £74,000 (£93,000). Tax amounted to £940,000 (£1,480,000), and after £400,000 (£1,040,000), and after £115,000 (£1,155,000), the profit of £11.41m, attributable profits came out ahead from £91,000 to £1.41m.

comment

Ransomes Sims and Jefferies has well and truly broken free of the profits plateau which was a feature of the group's performance through most of the 70s and early 80s. Last year saw profits climb to over £3m for the first time, thanks to a sharper eye to marketing and tighter control over equally tight view on borrowing. And this year should see the pre-tax line climb above £4m. Grass-cutting machinery sales have been strong both in the U.S. from the group's indigenous manufacturer and in export markets from the Ipswich base. The only real weak area has been farm equipment for the export market. After yesterday's 10p price rise to 350p the prospective p/e is seven, taking a line through the interim tax charge. Accounting and development has raised in line with that of the interim the yield is 7.3 per cent.

## Dalgety surges by £15m as efficiency drive pays off

WITH ALL but one of its geographical areas showing improvements Dalgety, the international agricultural manufacturer and trading group, returned record results for the 12 months ended June 30 1984.

At the pre-tax level profits surged by £14.5m (or 25 per cent) to £97m from turnover £699m ahead at £77m.

Earnings came through at 50.3p (44.4p) and an increased final dividend of 13p (11p) lifts the net total from 22p to 24p per £1 share.

In the UK profits again moved ahead, principally as a result of improved operating efficiency. Although the 1983 harvest was a record, agricultural and animal feed businesses generally had a difficult year.

Feed sales, although buoyant in the opening six months, had a protracted decline due to the imposition of milk quotas. Malt profits were below last year's. Milling and a successful year despite pressures on margins in the first half, for technical products achieved "outstanding" results.

The group's food activities performed well, particular Petfoods with its continued growth in sales and profits. Eggs and food ingredients also produced improved results.

The U.S. activities again increased their contribution to group profits. The food distribution business continued the trading activities benefiting from the results in a strong market and profits from the food processing activity were satisfactory.

In Canada profits were well above those of the previous year. Lumber manufacturing profits increased sharply despite volatile market movements. The trading activities benefiting from the improving Canadian economy.

The recovery from the drought in Australia and the merger which created Dalgety Farmers

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led to a substantial increase in profits. New Zealand also enjoyed favourable conditions.

Group trading profits, before interest charges, improved from £77.3m to £93.3m and broke down geographically as to UK £47m and £41.3m, Australia £15.1m (£5.5m), U.S. £16.7m (£12.8m), Canada £9.9m (£8.9m) and New Zealand £4.6m (£10.9m).

The UK figures included £1.6m in respect of RHM Agriculture for the ten months since acquisition. Those for New Zealand from November 1983 comprised 24.7 per cent of the profits of Dalgety Crown Corporation and were included in related companies.

The U.S. activities again increased their contribution to group profits. The food distribution business continued the trading activities benefiting from the results in a strong market and profits from the food processing activity were satisfactory.

In Canada profits were well above those of the previous year. Lumber manufacturing profits increased sharply despite volatile market movements. The trading activities benefiting from the improving Canadian economy.

The recovery from the drought in Australia and the merger which created Dalgety Farmers

## Bramall ahead after slow start

DESPITE LOSING the contribution from a dealership sold at the beginning of this year, C. D. Bramall, motor vehicle dealer, managed to increase pre-tax profits from £1.27m to £1.82m for the first half of 1984. Mr D. C. A. Bramall, chairman, expects the second half will produce "satisfactory" results.

Turnover moved down from £33.63m to £29.67m.

The car market size for August this year has not measured up to the exceptional month experienced last year, says Mr Bramall. Nevertheless he says profit figures for the first two months of the second half confirm his view that the balance of the year will be satisfactory.

Commenting on the year under review Mr Bramall says that after a slow start motor dealerships improved their perfor-

mance during the second quarter. Contract hire, leasing and finance companies increased their contribution significantly over the same period last year.

The net interim dividend has been held at 2.5p—in the last full year a total of 6.7p was paid from pre-tax profits of £2.31m (£1.99m) on turnover of £67.25m (£62.96m).

First half earnings per 25p share are given as rising from 12.8p to 13.9p before extraordinary items and from 12.8p to 17.8p after the same.

Mr Bramall reaffirms that the directors are actively seeking businesses compatible with group expertise and which will give a wider spread to present interests.

The profit of £322,781 from the sale of the Sheffield Vauxhall/Bedford dealership,

## Carpets lift Scottish Heritable

A SUBSTANTIAL increase from £451,000 to £802,000 in pre-tax profits is reported by the Scottish Heritable Trust for the six months to June 30 1984. Turnover of this holding company—it has interests in property and distribution, supplies, oil and gas development, sand and gravel quarrying—improved from £9.64m to £12.34m. Operating profits were up from £719,000 to £996,000.

The interim dividend is raised from 1p to 1.1p net, and earnings per 25p share are stated to be up from 2.5p to 4.7p.

The directors say these results were achieved by a general improvement in performance by most companies and by the elimination of losses in the smaller subsidiaries.

They say the outlook for the second half remains encouraging but the first half had been helped by particularly good exports from Eastern Kayam Carpets which may not be as strong in the second half at £145,000, compared with £98,000, and there were minority credits of £14,000 (£10,000).

## Sentinel long-term fund moves up 25m

The long-term insurance fund of Sentinel Insurance Company rose by £5m over the 12 months to March 31 1984 from £25.89m to £30.89m.

Renewable premium income improved by nearly 25 per cent from £5.01m to £6.24m, although single premium and annuity payments declined by £1.77m to £398,000 from £643,000. Investment income rose 12 per cent from £2.88m to £3.24m. Claim payments fell nearly one-quarter from £2.01m to £2.29m, with a significant drop in maturity payments.

Investments held by the long-term business fund showed a significant rise in equity holdings from £8.8m to £17.7m and a rise in other fixed interest securities from £2.34m to £2.94m, offset by a drop in gilt holdings from £12.24m to £11.26m. But the significant rise in the final deposits with building societies which almost doubled during the year from £3.06m to £6.05m.

This latter investment feature reflects the continued success of the company's building society-linked insurance plan which produced £80,000 of new annual premiums in the period under review. New non-linked annual premium income rose by nearly 30 per cent from £1.12m to £1.45m.

## Ackrill Carr in £4.2m share placing

Ackrill Carr, a lease broker and advisory group, plans to raise £42,000 from a placing on Hill Woollgar's over-the-counter market.

The group is in preliminary talks with Hill Woollgar, a licensed dealer in securities, with a view to forming a joint venture to advise companies seeking a public quotation for their shares. It also plans to form joint ventures with a leading London stockbroker and a number of provincial brokers.

Ackrill Carr says it aims to meet the growing demand for advice and assistance in raising equity capital for smaller and medium-sized companies through flotations on either the Unlisted Securities Market or the OTC.

It is placing 750,000 shares, 30 per cent of the total, at 90p each. That will raise 600,000 after expenses, of which £150,000 goes to the issuer, and the rest to selling shares and the rest represents new equity. Ackrill Carr is valued at £2.3m at the placing price, 26 times stated historic earnings.

Profits rose from £100,000 before tax to £143,000 in the year to June, and are informally projected to rise to £300,000 in 1984-85. Half of group turnover is derived from lease broking, with the rest involved in arranging group pension schemes, loan and equity finance, and estate planning for private clients. Ackrill Carr supervises a total of £75m for 400 corporate and more than 1,000 private customers.

## IRISH LOSSMAKER SHARES SUSPENDED

Trading in shares of J. & L. F. Goodbody, an Irish maker of synthetic fabrics, was suspended yesterday at the company's request pending clarification of its position.

The company, deeply hit by recession, has been engaged since last year in a programme to reduce costs, re-equip its plant and boost export sales. It had sales of £4.77m in 1983 and a loss after extraordinary items of £237,835.

### DIVIDENDS ANNOUNCED

Company	Date of payment	Current payment	Dividend	Total last year
Barr & W. Arnold **int.	Dec 2	2.25	—	6
C. D. Bramall .....	Nov 29	2.25	—	6.7
W. Cairns .....	Dec 5	0.5	—	2.5
Chambers & Farsons	Jan 2	0.75	1	0.75
Dalgety .....	Jan 2	11	24	22
Excellibur Jewellery	—	0.05	0.05	0.05
G.T. Japan .....	Oct 30	—	1.4	11.1
E.B. Electronics .....	Nov 22	0.42	—	1.12
Ransomes Sims .....	Nov 12	5	—	15
Sale Tilney .....	Nov 30	4.25	—	10.5
Scottish Heritable .....	Oct 24	1	—	2.1
Simon Egg's .....	Dec 12	1	—	3
Spring Ram .....	Nov 8	3.5	—	13.8
Tarmac .....	Nov 8	3.5	—	13.8

Dividends shown pence per share net except where otherwise stated.  
\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition. ‡ US stock.  
§ Unquoted stock. † Increase to reduce disparity. ‡ Total forecast of 3.25p. \*\* For seven months.

### LORAINE GOLD MINES LIMITED

Incorporated in the Republic of South Africa

#### Foreign Exchange Transactions

In September 1983 a change in procedures relating to payments for gold sales was announced by the S.A. Reserve Bank. The effect of this was that instead of receiving S.A. rand for sales of gold, payment was effected by crediting mining companies' foreign bank accounts with U.S. dollars. At the same time regulations were introduced regarding the disposal of such dollar proceeds.

Earlier in the financial year the company entered into forward exchange contracts to sell the expected U.S. dollar proceeds which would arise on the sale of a portion of its future gold production. These contracts were entered into to protect the company from the adverse effect of the then generally anticipated weakening of the U.S. dollar against world currencies, including the S.A. rand. Contrary to expectations the value of the U.S. dollar increased and in June 1984 a phased programme of prematurely closing out certain contracts was commenced. In July there was a precipitous drop in the value of the rand against the U.S. dollar and prudence dictated the closing out of the balance of these contracts. This will adversely affect revenue from gold sales in the months in which the forward exchange contracts were originally due to mature. The amount involved is currently estimated at R2.2 million of which R0.5 million will apply to the financial year ending 30 September 1984 and the balance to the following year.

By order of the Board  
ANGLOVAAL LIMITED  
per: E. J. Thomas  
London Secretaries  
Anglo-Transvaal Trustees Limited  
285 Regent Street  
London W1R 8ST  
17 September 1984

### Chairman's statement

## Hallebeesfontein Gold Mining Company Limited

Incorporated in the Republic of South Africa

### Costs well contained, but revenue static — Mr Basil E. Hersov

Gold production for the year increased from 29 998 kilograms in 1983 to 30 510 kilograms, reflecting throughout 3.07 million (1983 — 3.12 million tons) at an unchanged grade of 8.9 grams per ton. Despite the lower average U.S. dollar price received, revenue from gold sales increased marginally as a result of the depreciation of the rand against the U.S. dollar. Higher working costs, however, more than offset this slight improvement and working profit from gold operations decreased from R253 million in 1983 to R244 million. Uranium profit was also lower and after taking into account non-mining income less net royalty payments and other expenses, pre-tax profit was R270 million (1983 — R288 million). The adverse effect of the imposition of higher tax rates was largely cushioned by a considerable drop in capital expenditure. Earnings of R83 million were R3 million less than the 1983 level equivalent to 738 cents per share (1983 — 766 cents per share). Total dividends amounted to 725 cents per share (1983 — 780 cents per share).

Efforts to contain both operational and capital costs continued and unit costs escalated by 10 per cent compared with 14 per cent in the previous year. The lower rate of increase was the result of the higher level of production combined with labour economies and a reduced development programme, sufficient to maintain adequate ore reserves. Exploration activities on other reefs were curtailed but geological work on Vaal Reef in the south-western section proceeded according to plan with the completion of three surface boreholes, drilled primarily to obtain structural information. Results of sampling the Vaal Reef intersections obtained in these holes are set out in the technical advisers' report.

In view of the uncertain gold price it was deemed prudent to defer expenditure on certain low priority capital projects. However, progress on the sinking of No. 6 North shaft continued at a satisfactory rate and commissioning of this shaft is expected early in 1986. Construction of the new hoist to serve the No. 6 shaft system, was completed. The feasibility study into the establishment of an additional plant to treat low-grade material was completed during the year and is under consideration. A decision on whether or not to proceed will be made in the current financial year. With uncertainty regarding the immediate future of the dollar gold price and exchange rates, restrictions on capital spending are likely to remain during the current financial year.

During the year agreement was reached with Sillfontein Gold Mining Company Limited to extend tribute area No. 3 which is located to the north of No. 5 shaft. No significant effect on earnings is anticipated.

Labour relations on the mine remained good throughout the year. Apart from normal annual increases in salaries and wages, certain improvements to employment conditions were made, particularly in reducing excessive hours spent underground by some employees. Contacts with emergent trade unions increased and minor difficulties were resolved. Since the year end the National Union of Mine Workers has declared a dispute with certain mines and whilst the

Company is not directly involved some effect may be felt if the dispute is not resolved.

In September 1983 a change in procedures relating to payments for gold sales was announced by the S.A. Reserve Bank. The effect of this was that instead of receiving S.A. rand for sales of gold, payment was effected by crediting mining companies' foreign bank accounts with U.S. dollars. At the same time regulations were introduced regarding the disposal of such dollar proceeds.

During the second half of the financial year the Company entered into forward exchange contracts to sell the expected U.S. dollar proceeds which would arise on the sale of a portion of its future gold production. These contracts were entered into to protect the Company from the adverse effect of the then generally anticipated weakening of the U.S. dollar against world currencies, including the S.A. rand. Contrary to expectations the value of the U.S. dollar increased and in June 1984 a phased programme of prematurely closing out certain contracts was commenced. In July there was a precipitous drop in the value of the rand against the U.S. dollar and prudence dictated the closing out of the balance of these contracts. This will adversely affect revenue from gold sales in the months in which such contracts were originally due to mature. The amount by which earnings will be so affected during the financial year ending 30 June 1985, after taking account of the effects of non-mining and mining taxation, is currently estimated at R20 million.

The short-term prospects for a significant rise in the dollar gold price seem bleak and the prime objective is therefore to maintain current grade by closely controlling the mix of ore, the slope width and improving waste sorting. During the coming year it is intended to maintain the increased production level while effecting further economies in working costs and to use all assets to the best advantage.

Mr W.F. Thomas retired on 31 August 1984. I wish to express the board's appreciation of his invaluable contribution to the affairs of the Company throughout his fourteen years' service as a director.

Finally I wish to record my appreciation of the services rendered by Mr T.M. Espach and his staff at the mine, the staff at head office and the London Secretaries of the Company for their contributions during the past year.

*Basil Hersov*  
Basil E. Hersov D.M.S.  
Chairman 4 September 1984

The annual general meeting of members will be held in Anglovaal House, 56 Main Street, Johannesburg at 11h00 on Tuesday, 16 October 1984.

## BARR AND WALLACE ARNOLD TRUST PLC

### Interim Report 1984

Results for the seven months ended 31st July 1984

	7 months 1984	7 months 1983	12 months 1983
	£000	£000	£000
<b>TURNOVER</b>	<b>72,000</b>	<b>70,000</b>	<b>116,776</b>
Motor Distribution	729	402	1,219
Leisure & Holidays	92	500	273
Contract Services	402	34	44
Fuel Distribution	102	133	208
	1,025	1,069	1,744
Deduct Parent Company Interest and Expenses less other income	331	473	617
<b>Profit Before Taxation</b>	<b>694</b>	<b>596</b>	<b>1,127</b>
Taxation Estimated	233	60	156
Extraordinary Items	461	536	971
	410	(404)	(137)
	871	132	834
Earnings per Ordinary & 'A' Ordinary Share of 25p	7.6p	8.8p	16.0p
Net Dividend per Ordinary and 'A' Ordinary Share of 25p	2p	2p	6p



UK COMPANY NEWS

Simon Eng. £1.4m ahead but demand still 'hesitant'

IN THE principal business sectors of Simon Engineering recovery in demand has been hesitant and has not yet had a significant impact on the world overcapacity and intense international competition the group has experienced for several years.

Nonetheless, in his interim report showing profits up by some £1.4m Mr Harry Harrison, chairman, tells shareholders that group companies are performing well in the demanding conditions and have the potential and ability to benefit further provided market conditions improve.

BOARD MEETINGS

Table listing board meetings for various companies including Scholes, Allied Walker, and others with dates and times.

Drake and Scull is unlikely to have a major impact on this year's results—with unexpected delays hitting several projects so that trading profits do little more than cover financing costs.

Sale Tilney looks for 'handsome' increase

ACCOMPANYING the prediction that the full year should show a "handsome" increase in profits, the directors of Sale Tilney have announced an increase of 38.6 per cent in profits from £205,000 to £284,000 for the six months to the end of May 1984.

Brendan Keenan looks at the Globe Investment/Waterford deal Sale could topple a dynasty

LATER THIS month, the chairman of Globe Investment Trust, Europe's largest closed-end fund, and his deputy will travel to Ireland for their first look at Waterford Glass, the lead crystal manufacturer, 20 per cent of which they bought for £14m last month.

Waterford, would leave only £5m to reconstruct its portfolio. Yet even when Waterford Glass announced last March that it was engaged in prospective takeover talks, there was no more than a hint that Avenue Investments might be in serious trouble.



Mr Patrick McGrath, chairman of Waterford Glass, in which a 20 per cent stake has been sold by Avenue to Globe Investments

1982, only to see the company valued on the market a few months later at £16m. Whatever the pressures on Avenue then, they were compounded by the collapse in the next two years of two major investments, Waltham Holdings and Avair.

Midterm expansion for Canning despite setback in metals' profit

A FALL in metals' profits were more than offset by advances in both the chemicals and electronics components.

The directors say that the sharp fall in the silver price was to blame for the setback in the metals division, but despite the business only working to 60 per cent capacity, there are no plans for surgery or a sell-off.

Airship shares jump

Morgan Grenfell, advisers to Australia's Bond Corporation in its agreed bid for airship manufacturer Airship Industries, said yesterday that they knew of no reason for the sharp rise in Airship's share price.

Leisure downturn but Barr & Wallace ahead

A GREATLY improved contribution from its motor distribution division helped Barr and Wallace Arnold Trust to improve its pre-tax profits from £598,000 to £684,000 in the seven months to July 31, 1984.

Travel, achieved improved profits, and results from its coaching interests in the South-West, Wallace Arnold Tours (Devon), were in line with last year.

During the period, the car camping subsidiary, Inn-Tent, was sold. Its trading losses of £70,000 up to the date of sale have been included in the results to date.

under extraordinary items contrasting with a post-tax deduction of £404,000 last year. The group has reduced its borrowings by more than £1m since the last balance sheet date.

comment

Canning's gruelling journey across the industrial spectrum now seems almost complete. Five years ago, 60 per cent of group assets were in engineering; now the only engineering interests comprise a small but profitable aluminium foundry.

LAST ORDERS, PLEASE. 75% first year capital allowances will pass into history at midnight on 31st March 1985 - a date soon to be upon us.

SIMON ENGINEERING Interim Report six months ended 30 June 1984 (unaudited). Table with financial data for turnover, operating profit, and dividends.

FORWARD TRUST GROUP A member of Midland Bank Group. ACT NOW. TELEPHONE JIM HASTIE ON 021 455 9221 OR JOHN McDERMOTT ON 01 920 0141

## AT HOGAN SYSTEMS WE'RE COMMITTED TO BANKING

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Hogan Systems (U.K.) Limited  
Hogan House, Church Street, Welwyn, Herts. SG7 6JH  
Telephone: (04952) 27081

### BANRO INDUSTRIES plc Interim Results - Unaudited

Results for the half year to	30.6.84	30.6.83	Year to 31.12.83
Turnover	13,637,863	12,781,830	24,625,821
Profit before tax	201,186	101,065	512,590
Profit after tax	81,853	59,888	336,417
Earnings per share	1.9p	0.8p	5.7p
Dividend per share (net)	0.575p	0.575p	3.3p

Notes:  
No provision has yet been made for losses which will be incurred in connection with the closure of the Lignotock division of Edward Rose (Telford) Limited. These are estimated to be approximately £242,000 subject to the proceeds of sale of fixed assets and relief for taxation.

**GSAs** announced early in July 1984 a decision was taken to close the Lignotock operation where it had proved impossible to stem the losses which had amounted to approximately £175,000 in the first six months. We are sure the decision to close it was a correct one.

As to future prospects, the markets in which we operate remain highly competitive and somewhat uncertain. At this stage it would be unwise to be over-optimistic about the outcome for the year as a whole.

Edward Rose,  
Chairman and Chief Executive

**BANRO** The principal activities of the Banro Group are the manufacture of framed windows, rolled sections, motor car body components, off highway vehicle components, the continuous processing of metal in coil form, for the sea, air, road, rail, domestic appliance and building industries.

**US \$40,000,000**

**INDUSTRIAS RESISTOL, S.A.**  
(Incorporated in the United Mexican States)

Floating Rate Notes Due 1988

*In accordance with the provisions of the Fiscal Agency Agreement between Industrias Resistol, S.A. and Continental Illinois National Bank and Trust Company of Chicago, dated as of 8th September 1981, notice is hereby given that the Rate of Interest for the next six month Interest Period has been fixed at 12 3/4% p.a. and that the interest payable on the relevant Interest Payment Date, 19th March 1985, against Coupon No. 7 in respect of US \$50,000 nominal amount of the Notes will be US \$3,205.21 and in respect of US \$5,000 nominal amount of the Notes will be US \$320.52.*

Agent Bank  
**First Interstate Limited**

19th September, 1984

**U.S. \$100,000,000**

**Arab Banking Corporation (B.S.C.)**  
(Incorporated with limited liability in the State of Bahrain)

Floating Rate Notes Due 1996

*In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 17th September, 1984 to 18th March, 1985 the Notes will carry an Interest Rate of 12 1/2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 18th March, 1985 is U.S. \$619.31 for each Note of U.S. \$10,000.*

Credit Suisse First Boston Limited  
Agent Bank

**ORIFLAME INTERNATIONAL S.A.**

Interim Statement and Dividend

Oriflame International S.A. announces the availability of its interim statement for 1984 together with instructions for the collection of the interim dividend. Copies of the statement can be obtained on or after 17th September 1984 from Morgan Grenfell & Co. Limited, New Issue Department, 21 Austin Friars, London EC2N 2HB and Banque Indosuez, 39 Allee Scheffer, 2520 Luxembourg.

1983-84	Company	Price	Change	Gross Yield	P/E	July
High						
Low						
142	120 Ass. Brit. Ind. Ord.	127	5.3	4.8	8.0	10.5
108	117 Ass. Brit. Ind. CULS	142	10.0	8.8	12.4	10.0
78	54 Airsprung Group	54	6.4	11.9	5.8	7.2
35	21 Armstrong & Rhodes	38nd	2.8	7.6	4.7	7.9
432	67 Bardon Hill	120	3.7	12.5	25.9	10.0
86	27 BCC Technology	42	3.5	8.3	4.8	9.0
201	173 CCL Ordinary	173	12.0	6.3	—	—
152	150 CCL 11/2 Conv. Pref.	117	3.2	13.4	—	—
150	117 Carborundum Abrasives	950	+ 5	5.7	10.0	—
248	83 Cindis Group	88	6.0	9.0	35	57.4
92	45 Debreels Services	92	1.8	5.7	8.5	12.4
236	75 Frank Horrell	208	9.8	4.7	8.3	10.9
205	75a Frank Horrell Pr.Ord	208	4.3	17.2	—	—
59	25 Frederic Parker	25	—	—	—	—
39	32 George Blair	29	—	—	—	—
80	46 Ind. Precision Castings	47	7.3	15.5	13.0	18.2
218	200 Isis Ind. Services	203	15.0	7.5	7.9	14.4
152	81 JCC 11/2 Conv. Pref.	109	4.8	4.5	8.0	9.8
232	213 James Burrough	232	+ 3	12.7	5.8	8.2
445	275 James Burrough Spc Pl.	445	+ 1	12.8	14.5	—
147	100 Linguaphone Ord.	146	—	—	—	—
100	96 Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—
445	275 Minihouse Holdings NV	445	3.8	0.9	32.0	35.0
176	64 Robert Jenkins	44	20.0	49.8	1.1	3.4
74	45 Serutons "A"	45	5.7	12.7	23.7	5.5
122	81 Today & Carlisle	122	—	—	—	—
45	45 Trevor Holdings	43	—	—	—	—
28	17 Unifloc Holdings	28nd	1.3	8.3	10.0	14.3
52	85 Walter Alexander	51nd	7.1	9.3	6.1	9.8
276	220 W. S. Yates	270	17.4	7.8	5.5	11.0

## BIDS AND DEALS

# Brooke Bond promises as Unilever lifts holding

BY CHARLES BATCHELOR

Brooke Bond, the tea, plantations and timber group, is forecasting a rise of at least 14 per cent in pre-tax profits to more than £50m in the year ending June 1985 as part of its defence against Unilever's £355m takeover bid. Unilever meanwhile disclosed yesterday that it had taken advantage of a 1p dip in the Brooke Bond share price on Friday to buy a further 3.6m shares at the 114p offer price. This took its holding to 19.1m shares, or 6.1 per cent of the tea group's equity.

Brooke Bond's earnings per share are expected to rise by at least 20 per cent to more than 12.4p and the group plans to recommend a total dividend of 8p — 28 per cent up on the 4.75p proposed for 1984.

Sir John Cuckney, Brooke Bond chairman, said: "These very impressive figures dispel any illusion that Brooke Bond's profits peaked in 1984. Moreover, the forecast increase in profits is broadly based with significant increases in operating profit being projected for all our core activities of branded groceries, timber and overseas agriculture."

The Brooke Bond defence document said the "insensitively launched Unilever offer" — the bid was announced on a Sunday without detailed prior negotiations — was "unjustified". The bid is for cash only with no share alternative and may therefore create capital gains tax problems for shareholders, Brooke Bond added.

The group's shares rose 1p yesterday to 115p while Unilever rose 15p to 935p.

Brooke Bond said its profits forecast had been prepared in mid-August in advance of the latest increase in tea auction prices prompted by an Indian Government ban on certain exports. "These increases have not been included in the forecast but can only have a positive effect on results, it added."

It pointed to the fact that the



Sir John Cuckney, chairman of Brooke Bond (left) and Mr Kenneth Durham chairman of Unilever plc

offer price produced a prospective yield of 7.5 per cent, which, it said, was a "staggering" premium of 39.4 per cent to the present average gross yield of 4.38 per cent in the food manufacturing sector.

Brooke Bond also rejected what it called "the stifling embrace of a vast industrial concern such as Unilever".

It added the bid can only make sense to those who believe that big is necessarily better and that greater size leads to greater efficiency.

Brooke Bond also suggested that in certain countries the combined interests of the two groups could be of such a size as to cause repercussions which could lead to damage to, or dismemberment of, parts of the Brooke Bond group.

Sir John called on shareholders to give the Unilever bid "an emphatic rebuff" as that already given to the lower offer from Tate and Lyle, the sugar group.

Brooke Bond has not repeated the tactic used in fighting off the

Tate and Lyle bid of sending a taped interview with Sir John to its shareholder. The "starker issues" involved this time — the fact that Unilever has made a cash rather than share bid — repeat of the £13,700 tape exercise was not needed, Sir John said.

Unilever responded yesterday to the Brooke Bond document with an attack on the value of its forecast so early in the year.

"Brooke Bond's forecast of higher profits for 1984-85 made only 2 1/2 months after the start of their financial year, is based on a number of critical assumptions, in particular that tea prices will be near or above the average achieved in the previous year and that sales volume and margins will be line with recent trends."

It is hardy surprising that a projection based on such assumptions produces higher profits but that sales volume and margins are critically on price levels in an agricultural commodity market, which is by its nature highly volatile, must be of questionable value," it said.

### Fairey expansion move

Fairey Holdings, the engineering subsidiary of Pearson, the diversified group which owns the Financial Times, is paying between £2.5m and £2.7m for ATE Systems, a Chichester-based maker of automatic testing equipment for the electronic manufacturing industry.

The purchase marks a further step in the rapid expansion of the electronics division of Fairey. In the past year, it has bought two U.S. and two British companies in this field.

ATE's Beaver system is used to test telephone switchboards, equipment including circuits and circuit boards, and export sales, especially to West Germany and the U.S., are strong. Total turnover for ATE is about £3m.

Mr Paul Harris, founder and majority owner of ATE, will remain as managing director. Fairey will pay £2.5m on completion of the deal and £2.2m on payments of up to £0.6m — depending on ATE's profits — will be made in both 1985 and 1986.

### BIDS AND DEALS IN BRIEF

Fobel International has issued 45,000 ordinary shares, allotted in accordance with the original consideration formula for the purchase of the goodwill of Badaon.

Granville Coleman, a wholly owned subsidiary of Granville and Co., has become a 28.56 per cent limited partner of Coleman,

members of the Stock Exchange. Both Coleman and Coleman view this transaction as a major step forward in plans to broaden services and obtain mutual benefit from the major changes taking place in the financial market.

Terms have been agreed for the acquisition by Chiefcain Trust Managers. The terms have been accepted in respect of more than 90 per cent of Chiefcain's capital. The price, which is not expected to exceed £1.2m, is subject to an adjustment following a detailed audit of Chiefcain. Payment will be in cash and unsecured loan notes of Baltic.

Caparo Industries, Mr Swraj Paul's engineering group, has bought a further 215,000 shares in Brown and Tawse, the pipe and valves distributor, taking its total holding to 3.36m shares or 18.1 per cent.

Caparo is currently bidding £13.5m for Fidelity, the hi-fi and television manufacturer.

The recommended offer by Standard Telephones and Cables to acquire all ordinary shares in ICL not already owned by STC had, by September 7, been accepted by holders of 323,858 ICL ordinary shares (9.8 per cent), all of which were acquired on July 26, when STC's initial offer for ICL was announced. STC now owns or has received acceptances for 367,858 ICL ordinary (9.4 per cent).

The offer will remain open for acceptances.

Acceptances for the revised cash alternative have been received for 188,02m ICL ordinary.

### H. Ansbacher in New York deal

Henry Ansbacher Holdings, an international merchant banker based in London, has acquired Laidlaw Adams & Peck, a New York investment banking firm, for \$15m (£11.8m).

The newly formed company will be Laidlaw Ansbacher. The merger acquires and project finance activity of Ansbacher will be folded into Laidlaw Ansbacher. The new company will be a subsidiary of Henry Ansbacher Holdings.

Henry Ansbacher Holdings is an international merchant banking organisation providing trade related financial services in banking, trust management, ship broking, marine insurance and metal broking.

### Phoenix Properties

Phoenix Properties & Finance has completed negotiations to buy the 50 per cent of Kane Investments which it does not already own from Mr Adam Lorston-Peacock and Mr Cecil Galliford. Kane needs additional finance to enable it to continue as a going concern, and Phoenix believed this could be obtained more easily if Kane was wholly owned.

The two vendors will resign from the Phoenix board when the deal is completed. Payment is deferred until Kane's only substantial asset, an interest in site at Swindon, has been realised.

## MINING NEWS

# EZ write-down gives NBH loss

BY GEORGE MILLING-STANLEY

A SUBSTANTIAL write-down in the value of the recently acquired EZ Industries gave Australia's North Broken Hill Holdings a loss for the year to June 30.

NBH has provided A\$69.36m (£45.4m) for a write-down of 7.9 per cent of the expected difference between the cost of acquiring EZ and the book value of the assets acquired.

The group said its stake in EZ had reached 49.9 per cent at the balance sheet date, following its surprise takeover bid on June 12.

Since then, NBH has raised its holding to over 90 per cent, and plans to acquire the outstanding shares compulsorily. The provision gave the group an extraordinary deficit of A\$64.77m, more than enough to eliminate the stated profit for the year of A\$13.2m, and giving NBH a final net loss of A\$33.36m. That figure compares with a final profit of A\$1.05m in 1982-83, after extraordinary deficits of A\$1.2m.

The final dividend is maintained at 5 cents a share, making a total payment of 9 cents after the increase of 1 cent in the interim. Last year's total was 8 cents a share.

NBH made a loss of A\$4.34m

on its mining operations, against profits in the previous year of A\$5.11m. The North Broken Hill mine at Broken Hill in New South Wales lost A\$2.25m as a result of an industrial dispute, compared with profits last time of A\$1.7m.

Associated Pulp and Paper Mills had net profits of A\$18.05m, up from A\$6.4m previously, reflecting a steady increase in demand for all products and a full year of benefiting from the programme of cost reductions.

Investment in income fell by almost A\$10m to A\$15.5m, largely because of the sale of a 16.4 per cent interest in Dunlop Olympic and lower earnings from EZ Industries.

The full-year operating profit was higher than in the previous year at A\$58.45m, against A\$53.77m, but the tax charge was by a similar amount, so that the earnings were little changed at 15 cents per share, compared with 17 cents.

The position of the three big mines in the Broken Hill area was still not clear yesterday following renewed industrial unrest last week. The mines are owned by NBH and GFA. Mining and Smelting subsidiary.

# Driefontein chief condemns tax rise

THE MARCH increase in the mining tax surcharge in South Africa is described as "regrettable" by Mr Robin Plumbridge, chairman of the Driefontein Consolidated gold mine and of the holding company Gold Fields of South Africa, in which London's Consolidated Gold Fields holds 45 per cent.

Mr Plumbridge points out in his latest annual statement for Driefontein that the combined rate of tax and the state's share of income under the mining profits formula on incremental profits arising from exchanges in the gold price is now over 70 per cent at both the East and West divisions.

"I feel compelled once again to express the view that the massive differential between rates applied to gold mines and the normal company rate of 50 per cent is counter-productive and requires to be addressed as soon as circumstances permit," he concludes.

Shareholders are made aware of the precise impact of the tax changes on dividends. Mr Plumbridge explains that the reduction of 10 cents in the dividend total to 27s cents (137.5p), when an unchanged payment was forecast in his last annual statement was entirely due to the unforeseen increase in the tax surcharge.

The statement includes no forecast of the likely level of dividends for the current year to June 30 1985.

Similarly, Mr Colin Fenton, chairman of the Kloof, Deelkraal

and Driefontein gold mines in the GFA group, feels unable to offer a similar amount, about either the gold price or the possible level of dividend payments for the current year.

The Kloof mine has had a "highly satisfactory" year, Mr Fenton reports, with targets either met or surpassed in almost every area.

Usually for Kloof, only one underground fire serious enough to affect production occurred in the year to June 30, and operations were re-established quickly in the area.

Reserves at the mine have improved as a result of better current sampling values on the Venterdorp Contact Reef, and Mr Fenton expects a further improvement in grade this year, confirming Kloof's status as the highest-grade producing mine in South Africa.

For the young Deelkraal mine, Mr Fenton is also expecting an improvement in grade.

Mr A. H. Munro, chairman of GFA's Liberton, Venterdorp and Vlakfontein operations, says that shareholders must expect a further decline in profits in the current year, while Venterdorp, which this year celebrated its fiftieth anniversary, will have to strive to contain the inconvertible rise in working costs.

Vlakfontein will once again confine its activities to the extraction of gold from old rock dumps, as the retirement of surface slimes dams would not be viable in the present economic climate, and there are no plans at the moment to undertake underground mining.

### MINING NEWS IN BRIEF

AFTER A number of setbacks, mostly concerning environmental problems, Ok Tedi Mining has commissioned the first phase of its big gold mine at Mount Fubilan in western Papua New Guinea.

The plant is now processing gold-bearing ore at a rate of 12,000 tonnes a day. This is expected to rise to 17,000 tonnes by the end of this month, and to

about 22,500 tonnes by January.

The company, in which Australia's Broken Hill Holdings and Standard Oil of Indiana each hold 30 per cent, with the remaining 40 per cent split equally between the Papua New Guinea Government and West German interests, has completed a further US\$200m (£158m) in commercial bank financing for the further development of the mine.

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UK COMPANY NEWS

Strong demand boosts Spring Ram

AN INCREASE of 102 per cent in pre-tax results for the first half of 1984 is reported by the Spring Ram Corporation. Profits rose from £233,000 to £1,252,000 on turnover up from £5.82m to £8.97m. Mr W. T. Rooney chairman says the rest of 1984 should prove "highly satisfactory" and reiterates the directors' intention to apply for a full listing early next year.

In the last full year pre-tax profits came to £1.6m (£1.03m). The net interim dividend on this USM stock has been lifted from 1p to 1.1p and a one-for-one scrip issue is proposed. Directors, shareholders and family trusts have waived their interim dividend on 69.5 per cent of issued capital, allowing £115,000 to be reinvested in the last full year a total of 5p was paid. First half earnings per 10p share are given as 15.2p (4.8p). Demand for the group's ex-

isting range of products— which it makes for the home improvement market—remained exceptionally strong during the first half, enabling new products to be made in immediate contribution to profit. Mr Rooney says that margin benefits have resulted from these extra volumes as well as from increased efficiency. The group continues to generate a strong positive cash flow.

In its first six months of operation Spring Ram International achieved a gratifying export performance, particularly in the Middle East, allow night to make a contribution to group profits. The construction of two factories and offices at Bradford is going to plan and will be complete by this year end, says Rooney. Allowances attached to this 28m development have not only resulted in a nil tax charge for the period under review but

also allowed the company to reclaim tax provided for the previous year.

There was a credit of £320,000 (charge £128,000) leaving net profits up from £209,000 to £1.6m. Dividends will absorb more at £35,000 (£23,000) leaving retained earnings at £1.57m (£859,000).

● comment

Not many operators in the cut-throat bathroom and kitchen markets can raise sales by 54 per cent, hold prices steady and still see gross margins widen from 11 per cent to 14 per cent. Spring Ram has been assisted by its high level of fixed costs, which have allowed volume improvements to flow quickly through to the bottom line. Stringent overhead controls and an ability to hold off dollar-denominated raw material price increases by negotiating volume discounts have done the rest.

Despite the £2m spent on plant and land over the past year, net cash has remained at £1.3m, indicating that Spring Ram will need only minimal borrowings to fund its £8m expansion in Bradford. The new factories will take Spring Ram into sanitary-ware manufacture for the first time when they open next September, as well as allow Asterite products to make a real impact on profits. The only proviso is that home refurbishment spending may be hearing the top of its cycle—but then Spring Ram still has 97.5 per cent of the kitchen market to go for; and its generous margins allow plenty of room for manoeuvre. Around £2.7m pre-tax looks in reach this year, leaving the shares, up 10p to 225p, on a moderate prospective multiple of 7.8, assuming a nil tax charge.

Early's of Witney cuts interim loss

LOWER LOSSES before tax of £45,000 against £171,000 have been produced by Early's of Witney for the six months to July 27 1984. Turnover came to £3.6m compared with £3.6m—the company makes Witney blankets and Warford floor covering.

The net interim has been held at 0.31p in the last full year a total of 1.31p was paid from pre-tax profits of £33,533 (£126,128).

The directors point out that following losses for the first half in the two previous years, an operating profit of £104,000 (loss £110,000) has been made in the same period this year.

Sales in the UK have been firmer, say the directors, but the figure for export sales of £1.07m (£1.24m) reflects difficult conditions in several markets and these have offset good progress in North America and the Far East.

Negotiations for the sale of the Mount Mill site are still continuing. However, two pieces of surplus land were sold in May and June and the sale proceeds after tax have been shown as an extraordinary item, against which are set the cost of redundancies and relocation expenses. Net extraordinary credits came to £289,000 (debits £20,500).

Pre-tax profits were struck after interest payable of £69,000

Acquisitions give Aidcom £0.8m

PRE-TAX profits of Aidcom International, design specialist, market research and microtechnology concern, were quadrupled at £802,000 for the eight months ended June 1984 on turnover more than doubled to £12.1m. On a restated basis comparative results were £201,000 and £5.1m respectively, for the six months to end-April 1983.

Mr Pratt Thompson, chairman of the company which obtained a full listing last April, explains that results reflect a strong performance from all divisions including S & O Consultants of San Francisco. This was apart from Husky Computers where group strategy calls for continuing significant investments in marketing and application software support.

He adds that order intake at Husky is on a rising trend, benefits of which are anticipated in the second part of the year.

Before an exceptional loss of £58,000 last time, pre-tax profits were split as to the original group £232,000 (£138,000) and S & O £270,000 (£123,000)—the exceptional item relates to a subsidiary that ceased trading during the October 31, 1983 year. Of the group's turnover figure for the eight months, S and O

contributed £2.83m (£1.43m). Earnings per 10p share for the eight months are shown as 1.97p. These are compared with 1.79p at the October 31, 1983 year end and 0.21p six months earlier.

The chairman states that world demand for the group's range of consultancy services and products continues to be strong, and the outlook for the 14 month period is encouraging.

Mr Thompson says the acquisition of S & O is accounted for on a merger basis. The U.S. company's eight month results are therefore included in group figures, last year's being restated to include S & O.

The chairman says that S & O is a "major force in the U.S. A design unit, established by Allied International Designers in Singapore, has already reached breakeven. Mr Thompson points out, and AIM Cambridge, acquired in March, "continues significantly to exceed profit targets."

After tax £386,000 (£150,000), extraordinary debits £241,000 (£85,000), and minority interests £18,000 (£15,000), the attributable balance came through at £157,000 (£29,000 loss).

● comment

The acquisition of S and O, which

now accounts for 70 per cent of Aidcom International's profits, lifts the group into a new league in U.S. design and marketing consultancy. However, a change in year-end and a few other adjustments make it hard to gauge exactly how well the original group is doing. If the previous interim figures had not been—correctly—restated downwards for £100,000 start-up costs relating to the New York market research company, the non-S & O businesses would have appeared to be going backwards. That said, the venture in question is now breaking even, and beginning to integrate satisfactorily with S and O. There was an unexpected loss from Husky Computers, where a pro-forma 52 per cent sales increase was outweighed by heavy marketing and software costs. A £300,000 order for a UK customer in the current half should be enough to lift Husky back to the black. The rights issue, meanwhile, has cut gearing from 100 per cent to less than 20 per cent of shareholders' funds, knocking the stuffing out of the share price in the process. The shares rose 5p to 57p—a far cry from their 1984 peak of 117p—but still a heady 44 times stated earnings.

F.T. Share Information

The following securities have been added to the FT Share Information Service:

Britannia Security Group (Section: Electricals)

Business Computer Network (Americas)

Enterprise Oil (Oil and Gas)

Gen Exploration and Minerals (Mines, Australian)

Marshall's Universal Type Conv. (Cann. Ref. (Industrials))

Nationwide Building Society (Type 5/85/85 (Liabs, Building Societies))

Sarasota Technology (Electricals)

Downturn in Singapore and Saudi hits Hall Eng.

A SHARP FALL in profits from related companies, the effects of the miners' strike and intense price competition have combined to cut pre-tax profits at Hall Engineering (Holdings) from £2.58m to £1.52m for the first half of 1984.

The directors say that second half results are unlikely to show an improvement on the opening period.

The net interim dividend has been held at 3.41p—in the last full year a total of 7.81p was paid from pre-tax profits of £5.6m. First half earnings per 50p share are shown as falling from 11.99p to 5.06p.

James Fisher tops £2m

Pre-tax profits of James Fisher and Sons, shipping concern, increased from £1.61m to £2.08m for the first half of 1984 and the directors say that despite the unfavourable trading conditions still affecting the industry, the results reflect a very satisfactory half year's trading. Turnover rose from £14.5m to £16.7m.

The main factor leading to the improved results was the benefits of earnings arising from ship and company acquisitions made in recent years.

Profits in the second half will be dependent on the coal and Jock disputes being settled quickly and to the avoidance of any major unrest in the country.

PETRANOL REPORTS

“Oil reserves up from 1.5 million barrels to 6.0 million barrels”

C. J. Smith, Chairman

Petranol Plc is an oil and gas exploration and production group with its head office in the United Kingdom. Its oil and gas operations are located in West Texas. The company implements low risk development programmes involving primary and secondary recovery techniques and it is Petranol's policy to drill wells where payback can reasonably be contemplated in a twelve month period.

In the seven months since our flotation, I am pleased to report that, based upon the latest information supplied by our operational advisers and management in West Texas, your Directors estimate that reserves will have increased fourfold from 1.5 million barrels to around 6 million barrels upon acquiring the remaining interest in the Sweetwater Field not already owned—the purchase of which is agreed in principle and is currently being finalised.

term profit potential, in preference to immediate income.

We have established a reputation for evaluating and concluding profitable business deals. The management team has been strengthened by the appointment of two senior financial executives: Mr. Terry Heneaghan as Finance Director of Petranol Plc and Mr. Chris Serin as Controller and Treasurer of Petranol America, Inc. They will bring to Petranol a wealth of experience in the oil and gas industry both in North America and the UK and will provide solid financial direction and control of our operations.

Reflecting our rapid progress the share price has performed well. To improve marketability the board is proposing a bonus issue of one new ordinary 10p share for every such share held.

Petranol has an exciting future and by following similar policies to those which have achieved satisfactory results to date, I look forward to achieving further growth in assets, profits and cash flow for the benefits of shareholders in the second half of 1984 and long term growth in future years.

C. J. Smith  
Chairman  
September 12, 1984

Petranol's daily production after buying the remainder of Sweetwater will be in excess of 500 barrels of oil equivalent with a net income to Petranol of around \$21 a barrel before deducting operating costs and depletions. I am confident that we shall pass the 1,000 barrels a day mark before the end of the year. In addition, we have the great potential of the option over the Fritzen Field which has fully discounted reserves of \$20 millions (\$29 millions gross) and is presently producing in excess of 650 barrels of oil equivalent a day.

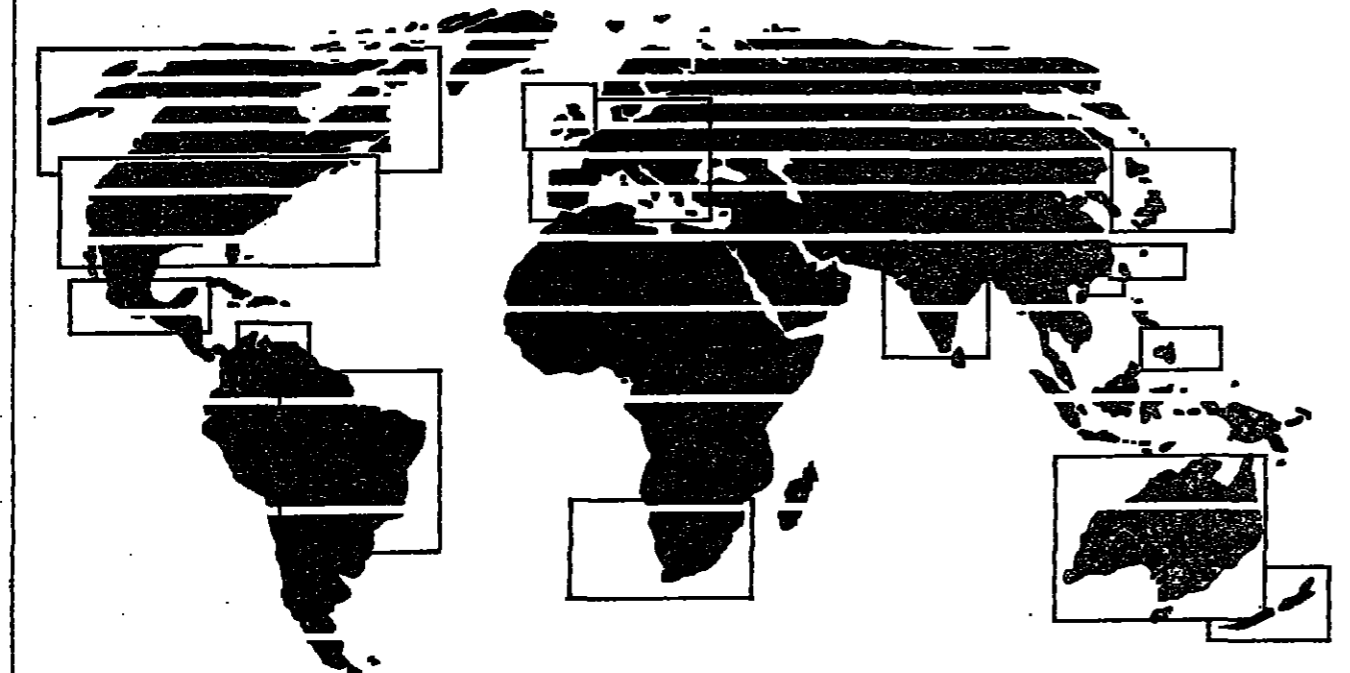
I am pleased to announce a pre-tax profit of £587,582 for the six month period, compared with £58,007 for the corresponding half year to June 30, 1983. This was achieved despite our decision to defer production from the Windham and Sweetwater Fields in order to prove up a larger reserve asset base for longer

PETRANOL

The full Interim Report, including a review of operations, will be posted to shareholders. For a copy, please return this coupon to Broad Street Associates, 15 Great St. Thomas Apostle, London EC4V 2BB.

Name: \_\_\_\_\_

Address: \_\_\_\_\_



- Further substantial increase in profits and earnings per share.
- New product introductions showing considerable growth prospects.
- Recent acquisitions beginning to enhance Group performance.
- Prospects for remainder of 1984 look encouraging.

**Morgan** The Morgan Crucible Company plc  
Charlott House, 6-12 Victoria Street,  
Windsor, Berks SL4 1EP.

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**U.S. \$100,000,000**  
**Wells Fargo & Company**  
(a California Corporation)

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Goldman Sachs International Corp.	LTCB International Limited
Merrill Lynch Capital Markets	Mitsui Finance International Limited
Samuel Montagu & Co. Limited	Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd	Morgan Stanley International
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**R. Nivison & Co.**  
25 Austin Friars  
London EC2N 2JB

September 18, 1984

**C. D. Bramall**  
MAIN DEALERS

Profits up again at Half Year

(Unaudited)	Half years ended	Year ended
	30.6.84	30.6.83
Turnover	£800's 30,668	£800's 27,276
Profit before tax	1,364	1,273
Profit after tax	733	677
Extraordinary item, net	106	—
Dividend per share, net	2.35p	2.35p
		6.7p

\* Pre-tax profits for the half year increased in spite of losing the contribution from the Sheffield Vauxhall/Bedford Dealership sold at the beginning of the year. The profit on this sale is shown under the extraordinary item.

After a slow start to the year the motor dealerships improved their performance during the second quarter of the half year. The contract hire, leasing and finance companies increased their contribution significantly.

Profit figures for the first two months of the second half of the year confirm my view that the result for the year will be considered satisfactory.

Tony Bramall, Chairman

Interim Report available from The Secretary  
C. D. Bramall PLC, 146/148 Tong Street, Bradford BD4 9PR

**SEK**

**AB Svensk Exportkredit**  
(Swedish Export Credit Corporation)

US\$100,000,000 15 1/4% Notes due 1989 convertible at the option of the holder to Floating Rate Notes due 1989.

For the six months period 15th September, 1984 to 15th March, 1985 the Floating Rate Notes will carry an interest rate of 12 1/2% per annum with a coupon amount of US\$60.96 per US\$1,000 Note and US\$609.62 per US\$10,000 Note. The relevant interest payment date will be 15th March, 1985.

**BANKERS TRUST COMPANY**  
FISCAL AGENT

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## U.S. \$100,000,000 The Kingdom of Denmark

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COMMERZBANK Aktiengesellschaft	CRÉDIT LYONNAIS
ENSKILDA SECURITIES Skandinaviska Enskilda Limited	CHASE MANHATTAN CAPITAL MARKETS GROUP Chase Manhattan Limited
GOLDMAN SACHS INTERNATIONAL CORP.	DAIWA EUROPE LIMITED
KANSALLIS-OSAKE-PANKKI	GENOSSENSCHAFTLICHE ZENTRALBANK AG Vienna
MERRILL LYNCH CAPITAL MARKETS	IBJ INTERNATIONAL LIMITED
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YAMAICHI INTERNATIONAL (EUROPE) LIMITED	SVENSKA HANDELSBANKEN GROUP
DEN DANSKE BANK	WESTDEUTSCHE LANDESBANK GIROZENTRALE
PRIVATBANKEN AIS	COPENHAGEN HANDELSBANK AIS

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London EC2R 7AN

September 18, 1984

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13% NOTES DUE 1989

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KREDIETBANK INTERNATIONAL GROUP	IBJ INTERNATIONAL LIMITED
MITSUBISHI FINANCE INTERNATIONAL LIMITED	LTCB INTERNATIONAL LIMITED
SAMUEL MONTAGU & CO. LIMITED	MITSUI TRUST BANK (EUROPE) S.A.
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TORONTO DOMINION INTERNATIONAL LIMITED	SVENSKA HANDELSBANKEN GROUP
WESTDEUTSCHE LANDESBANK GIROZENTRALE	UNION BANK OF SWITZERLAND (SECURITIES) Limited
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September 18, 1984

### APPOINTMENTS

## Three join Barclays Merchant-Bank board

Mr Jeffrey Henu, Mr Rupert Foxwell and Mr Charles Ryder have been appointed directors of BARCLAYS MERCHANT BANK from October 1. Mr Henu, formerly a vice president of American Express International Banking Corporation, will become personnel director of the merchant bank. Mr Foxwell and Mr Ryder are at present assistant directors of the merchant bank.

Mr Alan Bentley has joined PKPRODUCTIONS as head of business affairs. He was director of business and legal affairs at VCL.

Mr Alan T. Fletcher becomes a member of the international group board of ALLEGHENY INTERNATIONAL. He continues as director, manufacturing and technology. He joined Allegheny in 1982 as managing director, UK region of Wilkinson Sword Consumer Products Group. He moved to his present appointment in February this year.

Mr Michael Stevens has been appointed managing director of chain, couplings and overseas marketing for RENOLD. He has previously worked for Ransome, Hoffman and Pollard and the John Brown Group, latterly as chief executive of Firth Brown Tools.

Mr Neil Curtin has been appointed managing director, Europe, of Fisons Horticulture, a division of Fisons. He will join the company on October 8 and will be based at division headquarters at Bramford, Ipswich. He will be responsible for the division in the UK, SCAC-Fisons SA in France and ASEP Fisons B.V. in Holland.

Mr Curtin is currently marketing director of the biscuits and export division of Nabisco brands.

Mr Bill Adjlson retires on October 9 as director finance and administrative services, BRITISH TOURIST AUTHORITY. He is succeeded by Mr Peter Hudson, who is at the Department of Trade and Industry as head of air division. Mr Hudson will formally commence his appointment with BTA on November 2.

Mr John Cornish has been appointed merchandise director of Cheltenham-based ladieswear retailer PETER RICHARDS. He was buying and merchandising controller at Dorothy Perkins. Mr Cornish will be based at the Peter Richards operation stays in Cheltenham.

SCOTTISH TELEVISION has appointed Mr Alan L. Montgomery, director of finance and administration, to its main board. He joined STV in May 1983.

CARTER AND BRADBURY, Salford-based holding company of Reutart, has made two appointments to the board. Mr Frank Johnson is joining as joint managing director. He comes from investors in industry which has an interest in the group. Mr Chris Wilson joins as sales director having previously worked as national sales manager with James North and Sons, a subsidiary of Siebe.

CAUSEWAY CAPITAL has appointed Mr Keith White, a partner of Thornton Baker, as director from October 31 when he leaves Thornton Baker. Causeway was founded last year by

Mr David Secker Walker and Mr Lionel T. Anthony as an investment management company specialising in unquoted companies.

Mr David S. Wadsworth, who was with TOUCHÉ ROSS & CO from 1968 to 1980, has rejoined as a partner in the financial services group in the London audit department.

Following Mr R. F. Butlin's early retirement on September 30 as the director of THE RANK ORGANISATION responsible for the hotels and holidays division, there will be reorganisation of responsibilities from October 1. Mr Angus Crichton-Miller, an executive director responsible for the leisure division will relinquish the cinema and motorway service operations but will take over responsibility for the holiday operations which includes Butlin's, Caravan Parks and Rank Travel. The leisure division title will be dropped and the new division will be called holidays and recreation.

Mr James Daly, an executive director responsible for the film and TV services division will, in addition, take over responsibility for cinema operations. Mr Stuart May, currently managing director of Rank Hotels, will continue in this post and will also take over responsibility for the motorway service areas. His new division will be called hotels and catering.

Mr Derek Kingsbury has been appointed non-executive director of LOGICAL SYSTEMS INTERNATIONAL (LOGSYS). He is group chief executive of Fairley Holdings, engineering sector of Pearson. Mr Kingsbury is a non-executive director of Vickers, a

member of the CBI council, and chairman of the CBI overseas committee.

Mr Mark Crawshaw-Williams has been appointed project director of CAPITAL POWER AND WASTE, a joint company between The Lesser Group and Von Roll. He joined the company after six years with John Brown.

Mr Justin Salsbury has been appointed sales director of CATERDUC AND ELECTROLYTIC ENGINEERS, Chesterfield. He joined the company in 1980 as overseas market development manager.

MANGANESE BRONZE HOLDINGS has appointed Mr Brian Smith and Mr James Borwick to the board. Mr J. W. Leeson, who retires by rotation at the next annual meeting, will not offer himself for re-election to the board, but will retain a position as consultant to the group.

Mr George Williams has been elected chairman of JACKSON EXPLORATION INC. Mr Melvin Wm Jackson, Jr, who resigned from the post in favour of Mr Williams, remains president and chief executive. Mr Williams became non-executive director of Jackson Exploration Inc in June 1984. He spent most of his career with the Royal Dutch Shell Group, from 1957 to 1964 in Brunel, ending as managing director of the Shell Companies in North America. From 1964 to 1973 he was managing director of Shell UK Exploration and Production, and from 1975 to 1984 he was director-general of the UK Offshore Operators Association.

### CONTRACTS

## Refurbishing Uxbridge shopping centre

HENRY BOOT SOUTHERN is to undertake the £5.4m refurbishment of Uxbridge shopping centre in a management contract for Prudential Assurance. The open centre is to be enclosed—glass pavilion roofs will cover the centre's two open squares. A central tower, linking the ground floor shopping to the roof-top parking, will house a new stairway and lifts. Other refurbishments will include changing the existing paving to terrazzo flooring, and two walkways linking the centre's two squares are to be converted into malls with classical Italian-style arches.

Contracts worth over £2.5m are being carried out in central London by RUSH & TOMPKINS. Largest scheme, worth £1.7m, is a 24,000 sq ft office and workshop development in High Holborn. Work involves complete internal demolition of the existing building, followed by reconstruction while retaining the original facade. Rush & Tompkins is also working on a major office refurbishment project in Great New Street.

Entrances are also to be redesigned. Within the 7.4 acre site are 80 shops as well as banks, a post office and an open market which will be resited under the scheme. Work on the 12 month contract starts in October.

A. ROBERTS (BUILDING), a member of the Multi Construction Group, has secured £4m orders. Work ranges from restoring and refurbishing the complex of the Leyton House Museum to its original style, to construction of industrial units and a DIY store at Leytonstone. Other contracts include extensive work in the modernisation programme at Waterloo Station for British Rail, upgrading wards and the day centre at the Hack-

ney Hospital, and an interesting housing development combining studio apartments and detached houses for Crest Homes at Bracknell.

TAYLOR WOODROW CONSTRUCTION (SCOTLAND) has received a contract, worth £200,000 from Strathclyde Regional Council for a day care centre and hostel at Fernan Street, Shettleston, Glasgow, G32. The single-storey building, with a floor area of some 2154 sq metres, will be of traditional construction. Work has started with completion scheduled for February, 1986.

This announcement appears as a matter of record only.

## The Marine Corporation



Financing Arrangements  
For Up To

U.S. \$60,000,000

Initial Tranche U.S. \$20,000,000

40 Units of

\$500,000 9% Subordinated Debentures Due January 15, 1996

and

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Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 18th September, 1984 to 18th December, 1984 the Notes will carry an interest rate of 12 3/4% per annum. On 18th December, 1984 interest of U.S. \$30.49 will be due per U.S. \$1,000 Note and U.S. \$304.91 due per U.S. \$10,000 Note for Coupon No. 22.

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 17th September, 1984 to 18th March, 1985 the Notes will carry an interest rate of 12 1/2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 18th March, 1985 is U.S. \$619.31 for each Note of U.S. \$10,000.

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## UK REGIONAL REPORT

The region reflects several national problems such as why substantial aid has failed to boost investment, and the decline of heavy industries. Nevertheless there are bright spots to build on like the decision by Nissan to site its car plant in the area and the wide range of skilled workers available.

# The North East

## Economy faces testing time

BY NICK GARNETT, NORTHERN CORRESPONDENT

"IT IS the biggest fish that has swum into our net for 15 years," Mr Jim Gardner, Tyne and Wear Metropolitan Council's chief executive, volunteered a widely-held view on Nissan's decision to build a car plant at Sunderland airport likely to develop into a 100,000 unit a year site with a labour force of 2,000 but initially employing 500.

The decision, with the first car due to roll off the line in 1986, has been a morale booster for the North East, and has raised the region's credibility in attracting investment and has provided another feather in the cap of Washington new town.

As the construction trucks rumble onto Nissan's new site, however, the realities of economic life in the North East refuse to take a back seat. New direct jobs resulting from the first phase of the Nissan development are equivalent to just one week's notified redundancies still peppering the region's employment base. "It's very welcome but Nissan is a one off," says Mr Mike Wright, the assistant regional secretary of the Confederation of British Industry.

The North East's economic performance is now the focal point for a range of national economic issues, including the question of why substantial aid has failed to build a strong regional economy, the likely impact of proposed government changes in regional aid and the wisdom or otherwise of more directing so much assistance to small businesses.

For good measure there are the uncertainties surrounding the impact of the forthcoming abolition of Tyne and Wear

Metropolitan County Council, discussions on possible restructuring of the North of England Development Council — one of the more successful bodies of its type — and the Government's review of next year's planned scrapping of the Washington, Peterlee and Newton Aycliffe new towns.

Much unease has met the new regional aid proposals which planners believe will treat the region to a dose of social policy rather than providing a tool to help reconstruct its economic base. Divisions exist, however, Cleveland (Teesside) generally supports blanket aid while Tyne and Wear prefers the more selective approach.

### Open space

For many visitors, the North East is a surprising place. The two predominantly urban counties of Tyne and Wear and Cleveland account for just 13 per cent of the North-East's area but more than two-thirds of its 2.6m population. Northumberland and Durham are overwhelmingly rural and the region's overriding outward appearance is of open space.

Population is concentrated around the estuaries of the Tyne (Newcastle), Wear (Sunderland) and the Tees (Middlesbrough). The coast between the Tyne and Tees with towns built on shipping, coal or engineering like Hartlepool, Seaham, South Shields and Sunderland is partly urban.

Northumberland, Tyne valley and parts of south-east Durham have major expanses of agricultural land. The wild northern coast is blessed with exceptional sandy beaches, the west

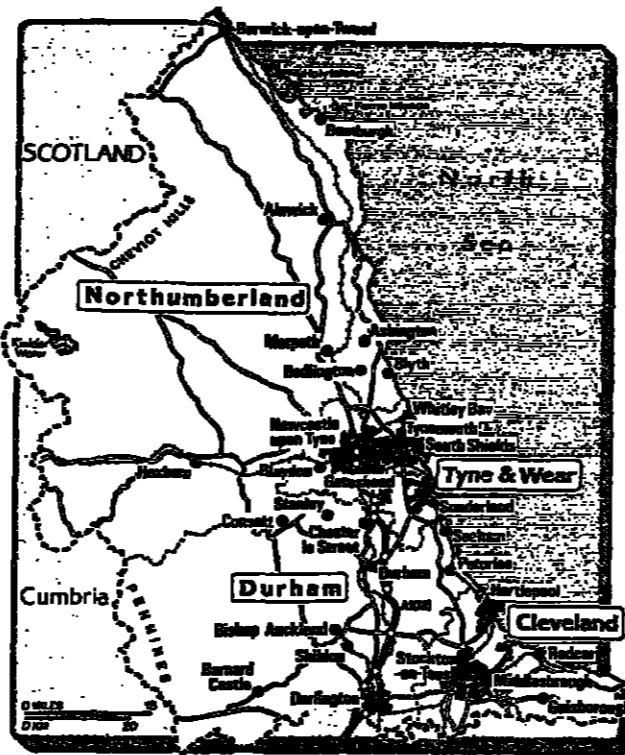
of the region with great expanses of uninhabited moorland and alpine forest, and the region with pretty market towns like Hexham and Morpeth and the fairytale city of Durham.

It also has a clutch of hard-bitten mining towns like Eastington and Ashington and what were one-company towns such as Consett and Shildon that have come to represent the human tragedy of national industrial decline.

The North East is freer from the Victorian dereliction that scars much of the North West and West Yorkshire. This partly results from an industrial background which did not bequeath textile mills, chimneys and vast conurbations. But it is also the outcome of Government attention to the North East since Lord Hallsham was made minister for the north in 1963.

Some once-powerful local political figures too like T. Dan Smith, former Labour leader of Newcastle Town Council, while attracting court convictions actually got things done in the region. A good road infrastructure, big house clearance schemes including the demolition of slums in Newcastle's Byker and the construction of new shopping and civic centres were the result. More derelict land too has been reclaimed in the north than any other region since the mid-1960s.

The Tyne and Wear Metro, a successful £270m light railway system is the latest example of the region's big capital projects. The transport infrastructure incorporates a number of ports, including



Britain's second largest in non-oil trade at Teesport and the profitable category B airport at Newcastle which benefits from a new terminal though it is still seeking loan sanction for a parallel taxiway.

The North East's 19.2 per cent unemployment rate marks it out as one of the UK's least buoyant economies but this masks some variations. The Consett travel-to-work area at 24 per cent and Hartlepool's 22.7 per cent are two of the mainland's highest and Wear-side and Teesside are both over 20 per cent. Hexham, Berwick and Barnard Castle though are just below or above 10 per cent. The weaknesses of a regional

economy, partially built on regional aid and with a pronounced branch plant base further weakening historic shortcomings in local entrepreneurship is the North-east's dominant concern.

More than 80 per cent of manufacturing employment is externally-owned and under 25 per cent of it is sectors recognised by the EEC as experiencing increasing international demand.

A low ratio of research and development since compounds a low rate of product innovation, especially in locally-owned companies. But the North East leads the field in innovation within process operations often



Idle cranes at Sunderland's docks and (below) Druridge Bay, one of Northumberland's beautiful beaches



associated with job losses and reflecting the large chemicals sector.

Use of microelectronics in products at 6 per cent is bottom of the regional table along with the West Midlands but the North East is top in the use within processes at 58 per cent. The northern region has the second lowest regional birth rate of new businesses but the second highest death rate.

As measures of economic strain, Tyne and Wear has lost a third of its manufacturing jobs since 1979 and water consumption from the Northumbrian Water Authority has fallen in six years from 158m gallons a day to 138m despite rising domestic demand. The latest North of England county councils' state of the region report continues to chronicle measurements of relative deprivation.

Having said all that there is still a great range of manufacturing companies with big names like ICI, British Steel and NCC. Many companies are profitable and there have been

two very positive trends — an expanding and varied electronics industry and the attraction of inward investment, including foreign companies at a much faster rate than most other regions. The region has also broken new ground on single union agreements and continental shift arrangements as at Nek Cables.

### Greater support

The small firms front has been developing too. The management buy-outs of Red-heads shipyard and Tyne Ship-repair might not have happened a decade ago. A new CAD/CAM centre is being built in Middlesbrough. A large number of support agencies from Entrust in Newcastle to the Derwentside Industrial Development Agency which has been trying to bring new heart to Consett have been engaged in small business promotion.

Durham university and its business school and other higher education institutions have been lending much greater support. Some observers, though like

Newcastle University's Dr David Storey believe heavy emphasis on new business start-ups has been misguided and aid for existing business would produce a more fruitful return in job preservation.

The North East has a big stake in construction with the headquarters of English Industrial Estates Barratts (Britain's biggest housebuilders) and other housebuilders like Leech and Bellway.

White collar employment is underdeveloped and Newcastle's growth as a financial centre stunted but apart from the higher education institutions in which 28,500 people study, the Northern Rock Building Society has its headquarters in the region as well as the DHSS pension section at Long Benton and the child benefits centre at Washington.

The problems of a partly artificial and badly skewed local economy, however, will test the heart of planners, businessmen and unions for the foreseeable future.

# Derwentside

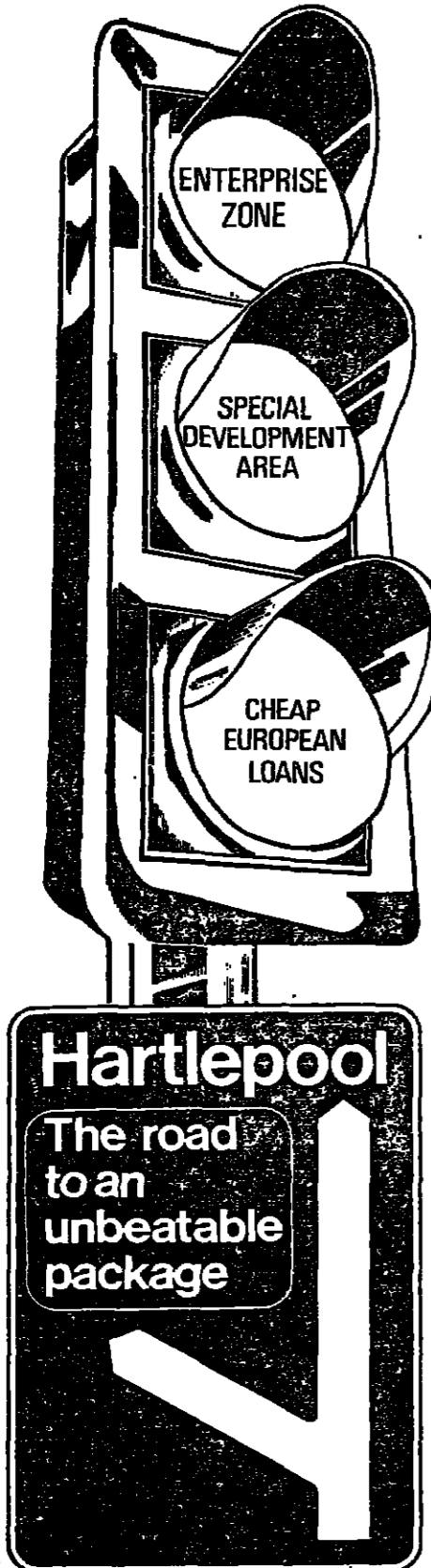
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- \* Derwentside is located on the south-west fringe of Tyneside, combining the advantages of a rural, small town environment with the nearby amenities, services, international airport and other excellent communications of the region's capital city, Newcastle.
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## The North East 2

### The car company's decision to build a plant in Washington will bring major benefits to the area

# Japanese investment provides a boost

#### Nissan

KENNETH GOODING  
Motor Industry Correspondent

NISSAN, THE FOURTH largest car producer in the world, made careful studies of eight possible sites for its British plant and then narrowed the list to three: Shotton in North Wales, Inningham on Humberside and the former Sunderland airport site at Washington, Tyne and Wear.

Mr Toshiaki Tsuchiya, managing director of Nissan's subsidiary, maintains he would recommend any of these sites to companies wanting to set up in Britain.

Nissan however, chose Washington and gave the North East a psychological boost of considerable importance. The Nissan project had attracted a great deal of attention and the competition to win the Japanese car plant was more intense than usual.

Nissan wanted an 800-acre site and at Washington has bought 397 acres and has an option on the remaining 503 acres. Phase one of the project calls for the assembly of 24,000 cars a year from kits sent from Japan. The models will be the successor to the Nissan Stanza, a car of Ford Escort and Austin Maestro size.

Employment in the first phase will be between 400 and 500 people. The capital investment is estimated at about \$50m.

If the first phase proves to be successful, Nissan will decide whether to move on to the production of 100,000 cars a year with 80 per cent European content by the mid-1990s at the

cost of a further £300m. At this stage the plant would employ directly 2,700 and the Department of Trade and Industry estimates there would be a net gain of 6,000 jobs for Britain.

Local authorities in the North East are so convinced that Nissan will go ahead with the second phase that they are preparing substantial sites for the component suppliers which the Japanese group is expected to attract to the area because of its preference for "just-in-time" deliveries.

Tyne and Wear County Council, for example, has put together two sites of over 100 acres each — one at Boldon, two miles away from the Nissan plant, and another eight miles away near the Tyne Tunnel.

Nissan executives also point out privately that the project would make no financial sense unless it moved from the \$50m first stage to the \$300m second phase.

The appointment of Mr Tsuchiya, at 53 the youngest production man on the Nissan Board, to head the UK scheme suggests the company expects the project to be a long-term one.

#### Second phase

However, Mr Tsuchiya sticks firmly to his company's official line whenever questioned in public about the prospects for stage two. He says a decision will be taken in 1987.

This is as far as Mr Katsuji Kawamura, the 70-year-old Nissan chairman who has been implacably opposed to the UK project since it was first mooted, is prepared to go. It is unlikely that any Nissan man would contradict Mr Kawamura in public.

If the second phase does go ahead as widely forecast, it will attract £25m of selective aid



The Japanese move in. Earthmovers break plastic Nissan banners at the start of the John Mowlem £1.5m reclamation contract to prepare the Nissan site

from the British Government. Industry Minister Mr Norman Lamont defends this aid by listing the expected benefits to the British economy.

Apart from the jobs, the first phase will substitute UK-assembled cars for imports because Washington vehicles will count against the Japanese car import quota.

There will be opportunities for British component manufacturers to convince Nissan during phase one that their products are of the highest standards required by the world's car makers.

When Nissan goes to phase two, there will be those 6,000 jobs for Britain and it would bring major benefits to the economy in the Tyne and Wear area.

Mr Lamont insists, however, there would still be some benefits, too, for component makers in the West Midlands and that there will be an inflow of new management and manufacturing practices.

Mr Lamont maintains "we have much to learn from the Japanese companies in areas

such as the relationship between supplier and final assembler; management and labour relations; manufacturing technology and quality control philosophy."

Mr Lamont also points out that the £33m promised to Nissan would be paid only if phase two goes ahead and is equivalent to 10 per cent of the total cost of both phases. "This is not out of line with the rate of regional investment projects — and there was no question of any countries bidding each other up in an auction."

Mr Lamont suggests that Nissan's decision to invest in Britain might eventually be seen as an historic turning point. "Certainly it is a remarkable vote of confidence in Britain's prospects. If a decade ago it had been suggested that the world's largest car company would invest over £300m of its own money in one of Britain's most trouble-ridden industries, it would not have been believed."

The new Nissan UK company experienced one of its own

turning points in July this year when Mr Tsuchiya and officials from the local authorities formally started the site clearance. The local authorities were brave enough to have the Japanese party driven to the site in four Ford cars despite the fact that a display of the complete Nissan car range was on show at the area entrance. The Japanese were taken to perform the ground-breaking ceremony in a Land Rover 110.

Things improved from the Japanese viewpoint however, when four 35-tonne Komatsu earthmovers came roaring up with headlights flashing and air horns blowing. Mr Tsuchiya was hoisted high up into one of the cabs and looked decidedly apprehensive as the huge machine moved forward to break a plastic Nissan banner and to take off the first half-tonne of top soil.

The John Mowlem company has the £1.5m reclamation contract, financed by a 100 per cent grant from the Department of the Environment.

The design and management contract for the construction of two buildings, one a paint plant and the other an assembly hall, worth £20m has been awarded to Sir Robert McApline and Sons from a short list of four companies. Construction begins in October and is scheduled to finish at the end of 1985.

Mr Tsuchiya, a short stocky and rather dour man but who occasionally shows flashes of humour, has obtained a work permit and will live as near to the burgeoning plant as possible with his family. He speaks hardly any English and he will probably have little time to learn much more during the first phase.

Nissan has received hundreds of applications for the 300 to 400 jobs. Recruiting of 300

assembly workers, 100 maintenance and up to 100 support staff will begin in December. About 20 to 30 Japanese will be employed at the plant.

Nissan has also begun the search for 25 key managers who will be recruited in Britain. The first to be signed up was Mr Peter Wickens, 46, who is personnel director. Mr Wickens held a number of senior personnel and industrial relations posts with Ford in Britain between 1969 and 1979, his final position being industrial relations manager at the Dagenham body plant.

For four years he was director of human resources for Continental Can (UK) in which capacity he helped set up the new UK subsidiary for the American Continental group at a green field site in North Wales.

#### Union deal

He joins Nissan UK from the southern region of the British Gas Corporation where he went in 1982 as director of personnel. Mr Tsuchiya expects to get drawn about the kind of deal Nissan hopes to get from the unions. However, it is known that the engineering union (AUEW) expects to get sole negotiating rights at the plant and is prepared to go some way, but not all the way, towards a no-strike agreement.

The British unions feel that they have won a significant concession from Nissan in any case because the company's new light truck plant in the U.S. (at Smyrna, Tennessee) is a non-union plant in spite of the efforts the United Auto Workers Union in the States has made to organize the workforce.

Mr Tsuchiya gained his reputation within Nissan by building the Micra car lines at the Murayama plant near Tokyo where he took automation further than anyone else had dared to go.

He says "we will see what can be done to automate to the greatest extent possible," at Washington.

Although he will not be drawn into saying openly that he hopes the project will move into the second phase — and even a third where 200,000 cars a year would be manufactured in Britain — he gave a clear hint of his position at the ground breaking ceremony. He said he would like to see Tyne and Wear become one of Britain's major motor industry centres.

## Fertile ground for industrial experiments

#### Labour

DAVID GOODHART

THE NISSAN decision to locate in the North East was, among other things, a vote of confidence in the region's industrial relations.

The salesmen of the region have for years been trying to persuade companies to "fall" to the North East enjoys moderate unions, a flexible workforce and a large surplus of skilled labour. They now have the Nissan judgment in addition to a highly favourable survey of American and European companies operating in the region.

The survey, carried out for the North of England Development Council, reports 80 per cent of European companies assess their industrial relations "very favourably" and "fairly favourably" and 77 per cent of American businesses fall into the same categories.

Although it is true that labour movement leaders in the North East have traditionally been moderate it is hard, at first glance, to see how the region has established such a strong reputation for industrial co-operation.

Despite the recent shift to lighter, electronic-based industries the region has, for example, always had above average penetration of heavy metal-bashing industries — with their strong unionisation and higher frequency of strikes.

Indeed the North-East was the cradle of British trade unionism and for generations has been associated with a multi-union pattern of bargaining, reflecting clearly defined occupations, skills and trades. Shipbuilding — once famous for its restrictive working practices and demarcation disputes — has long been an important employer in the region.

#### Tradition

Wage rates and days lost through strikes have been a little above the national average in recent years and, although not particularly prone to industrial militancy, the region's workers have a tradition of staying longer outside their doors.

The north-east led the famous 1870 nine-hour day strike, were

the last area to return to work in the 1926 miners' strike, and in the course of the present strike have had the smallest number returning to work. The region is still characterised by a high degree of working-class solidarity and a very low penetration of small businesses.

A fair assessment might be that the North East is blessed with some of the best and worst features of industrial relations in Britain but the worst is fast disappearing with the older industries that spawned it. But it would be unfair, however, to blame everything on the "old" industries. British Shipbuilders is implementing drastic changes in working practices, and recently a group of workers at Sunderland Shipbuilders gave up their summer holidays to finish a ship on time.

Looking more closely at the strike figures it is also apparent that when the statistics are adjusted for industrial structure (to take account of the higher than average concentration of more strike-prone industries) the region appears to be slightly less conflict ridden than the country as a whole.

There is also a long history of "strike prevention" in the region with early forms of arbitration developing in the late 19th century. Fairness, too, has flourished in some major companies with at least 12 large plants taking up a non-union "positive employment" policy — surprising, perhaps, in a region of such strong union traditions.

#### Industry

NICK GARNETT

THE economic structure of the North East has generated more arguments about its roots than that of any other in Britain. Most of this interest has focused on the question of why substantial state assistance has failed to create an economy strong enough to withstand the buffeting of change and recession.

The accepted prognosis for the North East is not good but it is unwise to be over-gloomy and ignore its economic strengths.

Five interlinked factors have moulded the region's economic infrastructure. The overriding one is a manufacturing base, built on mining, shipbuilding and heavy engineering which has suffered chronic built-in weakness for almost a century and has only recently been brought much closer to the national profile at the cost of heavy job losses.

Secondly, the region has been the recipient of very substantial inward investment helping to alter its employment profile. This has included the setting up of plants by foreign companies, particularly in the 1970s, at a much faster rate than that in most other areas of the UK.

Thirdly, it has benefited from some significant growth in electronics companies. These, however, have generally been associated with instrumentation and process control rather than the more glamorous spheres of defence and personal computers. There have also been closures including those of Burroughs at Cramlington and Plessey's South Shields site.

Fourthly, the industry that has arrived on the back of regional aid has tended to reinforce the region's weakness in entrepreneurial skills and

dominantly signed with the three main unions, General, Municipal and Boilermakers Union (GMB), the Transport and General Workers Union and the Amalgamated Union of Engineering Workers. The AUEW's single-union deal at NSK's zip factory in Peterlee was studied particularly closely by Nissan and is one reason why getting single-union recognition with the car company. (In the last nine years NSK has had only one half-day strike but the AUEW insists formal no-strike deals are not needed or wanted by the Japanese.)

The North-east has a good record over the introduction of new technology. It was the first region to use robotics and had the first new technology agreement signed between Apex and NET in 1979. Union officials like Mr Tom Ebbison, regional secretary of the GMB, or Mr George Arnold, of the AUEW, boast of breakthroughs in flexibility in the region such as the agreement with Alcan at Lyne-

#### Pioneering

mouth. A trail-blazing construction industry agreement has also recently been signed with the unions building ICI's new nitric acid plant at Billingham which allows continuous shift working on a 10-hour day, four days on, four days off, basis.

Shift working is said to be more accepted in the North East than many other regions partly because of the mining tradition and the thousands of miners who have been leaving the pits to find work in new factories.

Clearly the highest level of unemployment of any British region — at 15 per cent — has weakened the unions and contributed to shop-floor peace and adaptability. But 150 years of industrial history has also produced a culture of compromise from both unions and management which has made the North East fertile ground for industrial relations experiments from long-term pay deals to bold attempts to improve the quality of working life.

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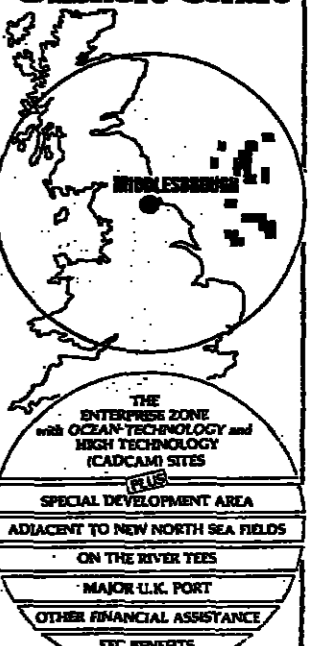
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## Middlesbrough The River Tees Offshore Centre



ICI at Wilton has shed 4,500 jobs in the past five years but it is still one of Europe's biggest petrochemical sites. NET, by far the biggest indigenous group with 11 separate trading companies has lost 5,000 jobs over a similar period but it still has five companies based in Newcastle, Hebburn and Gateshead.

North-East employment has been characterised by cyclical shifts. In the 15 years to 1973, 117,000 jobs disappeared in mining, 98,000 in shipbuilding and engineering in the north (including Cumbria). But total employment fell by only 4,000, partly as a result of regional policies which were estimated to bring in 50,000 post

CONTINUED ON NEXT PAGE

# Northumbria's Biggest Liquid Asset

Kielder Water is Northern Europe's largest man-made lake, set in Europe's biggest man-made forest. It has also become the region's biggest tourist attraction in the few years since it was commissioned. The creation of Kielder Water and the building of Kielder Dam are part of the largest water resources project ever carried out in the UK. They are also part of Britain's first regional water grid system, which enables huge volumes of water to be transferred to any part of the North East and even exported.

Northumbria, alone among British regions can say to

industrialists — "wherever in the region you want to go and whatever your water need we can meet it." Even in this year's dry summer there have been no restrictions in Northumbria.

Kielder Water is managed by Northumbrian Water and they are also developing large areas of land around the lake for leisure activities. If you wish to explore Kielder Water's possibilities for recreational and tourist development, special events, sponsorship or as a dramatic backdrop for promotions, please write or telephone Ron Parsons, Chief Public Relations Officer at the address below.

Northumbrian Water

Northumbrian Water, Northumbria House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3PX. Tel: Tyneside (091) 254 3151 Telex No: 537419

### The North East 3

# Rekindling the spirit of innovation

## Enterprise agencies

DAVID HELLER

ONE THING the North East does not lack is an array of organisations willing to help the would-be entrepreneur. Apart from a variety of small business clubs and business schools—many of which became established long before the idea of running a small business became fashionable—the area boasts half a dozen enterprise agencies, organisations that are a mix of public and private sector expertise.

There will soon be a seventh when the Sullion and Sedgfield Development Agency is set up as part of a £1.6m British Rail plan to regenerate employment in the Sullion area, where a total of 2,500 BR engineering jobs have been lost in the last two years.

"Different agencies are doing different things but it is important that we do not try to compete with each other," says Mr George Brown, director of the Cleveland Enterprise Agency.

In an attempt to rationalise the Middlesbrough set up he has tried to get all six of the area's organisations involved with small businesses to move into one office block. So far he has attracted only one—the Teesside Small Business Club.

Enterprise agencies cannot create jobs on their own. They are useful, however, in providing advice about marketing, finance, and other possible pitfalls to any would-be entrepreneur.

Mr Brown claims that a recent telephone survey suggested that the agency, which began in October 1982, helped to create 700 businesses and 2,000 jobs in its first year. "In our second year we shall maintain or even better that figure," he says.

However, the death rate is high, with more than half of the companies failing out before the end of their first year. "You have to keep at it," says Mr Brown. "The spirit of innovation and enterprise has not been cultivated in this region until now. We must stress that there's something between working for Mr Big and the dole, but it takes a generation to change a culture," he says.

Mr Brown says there are four main messages he tries to pass on to clients. These are:

- Markets change, so one has to be prepared to change one's product accordingly.
- Growth often outstretches management ability.
- Every product has a life-cycle and many become obsolete.
- Too many businesses expect customers to come to them.

Mr Newton thinks that the one or two larger agencies ought to provide for the whole region.

He says that although enthusiasm is still running high for what is a 1980's phenomenon, there are dangers that it might wane with subsequent problems for funding and staffing. The agencies depend quite heavily on support from the private sector.

Mr Newton is also a critic of the region's Enterprise Zones—set up at Hartlepool, Newcastle-Gateshead and Middlesbrough.

He thinks the evidence to show that such zones have created new jobs is thin, and that the experiment has merely encouraged a band of enterprise zone "nomads".

Of course, the whole idea of enterprise zones, introduced in 1981, is being reviewed by the Government and major changes are expected in the autumn.

According to a survey published earlier this year by Roger Tym and Partners, the



roads and regional incentives," he says, "and what we are finding now is that the new companies coming into Hartlepool tend to be locally-owned and are not merely branch factories which are the first to be hit in a recession."

Another area ravaged by steel closures is Consett where, in 1980, 4,000 jobs were lost almost overnight. Recovery from that sort of blow is no easy task but results from a recent annual jobs audit showed that more than 2,000 jobs had been created since the closure announcement and a further 2,000 were forecast by new or expanding companies in the area.

consultants commissioned by the Government to monitor the zones' progress, more than 10,700 jobs were created in the first 11 zones by the end of 1982.

They were created, however, at a cost to the Exchequer of nearly £13m in rate relief, building allowances and public sector investment.

The report also revealed that three-quarters of the companies that opened in the 11 zones had come from the same country and at least 85 per cent from the same region—a finding that supports criticisms that the zones are merely shifting jobs to the detriment of nearby enterprises.

Mr Wilfred Spark, assistant regional director of the Confederation of British Industry, says that it is too soon to say whether the enterprise zone experiment has succeeded in the North East. "However, it is an interesting experiment and we will be very concerned if the Government decides to reduce its financial support for the region," he says.

The Government revealed in January that it hopes to cut spending on regional development grants by £200m annually.

One of the most recent newcomers to the North East's enterprise zones is a company called Swadlows that intends to produce 60m disposable nappies a year using ultra-modern integrated machines from its new base at the Team Valley enterprise zone in Gateshead, Tyne and Wear.

It is an exciting development for the reason that it is one of the most significant projects to be funded by a north-east company from its own resources.

"Nearly all the other projects have been mounted by multinationals and other UK companies moving in and outside the region," Mr Harry Swadlow, chairman, from Whitley Bay, said when the announcement was made last month.

"The fact that Gateshead was an enterprise zone did influence our decision to move there," says managing director, Mr Peter Brenikov, "and we would have looked further afield if there were no such zone in the area. But it was not the only factor."

"Facilities to expand and good communications by road and rail were equally important. If you're looking to enterprise some status to make or break a business, it's probably touch and go in the first place."

Nevertheless, the North East is bound to await the Government's new proposals on regional policy with some trepidation.

Bakethin Dam ensures that there is a constant water level at the shallow end of Kielder Water

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Interceptors Tyne-side sewage is now taken away through this system of interceptor sewers and processed at the Howdon treatment centre, built as part of the scheme. It is a far cry from the 1950's when 85 per cent of Tyne-side sewage was discharged untreated into the Tyne estuary.

The Kielder scheme involved the construction of Europe's biggest man-made lake which, as a subsidiary industry, is having a slow birth as a boating centre. It also incorporates a series of sophisticated engineering arrangements to slow regulation of the Tyne, Wear and Tees rivers.

Kielder has demonstrated outstanding engineering but the principal reason for its construction—our shifting of water from the high rainfall areas near the Scottish border to the north-east's industrial and population concentrations—has been largely offset by the steep decline in projected water demand under the impact of recession and industrial restructuring.

White elephant Some refer to it as a white elephant which, with the Tyne-side sewerage schemes, has helped burden the water authority with interest charges now absorbing a half of its revenue.

During the drought however Kielder has been brought successfully into use and Northumbria is one of only two regions where there has so far been no water restrictions. The authority has also begun exporting water, securing its first contract this year with Gibraltar and is hopeful of concluding deals with the Middle East.

The Northumbrian body has also gone further down the road of improved efficiency and reduced operating costs than most of the water authorities in the past two years under the pressure of new government performance targets and its own financial problems. These moves have included changes in working practices and restructuring food, drink and brewing business.

There is a surprising number of vehicle component manufacturers including Neiman which sells door locks to Japanese car manufacturers, Cummins and Sumitomo.

The big chemicals and pharmaceuticals sector includes Monsanto and Rohm and Haas, Procter and Gamble's main UK centre, Bristol-Myers and Glaxo and there are substantial textile, food, drink and brewing business.

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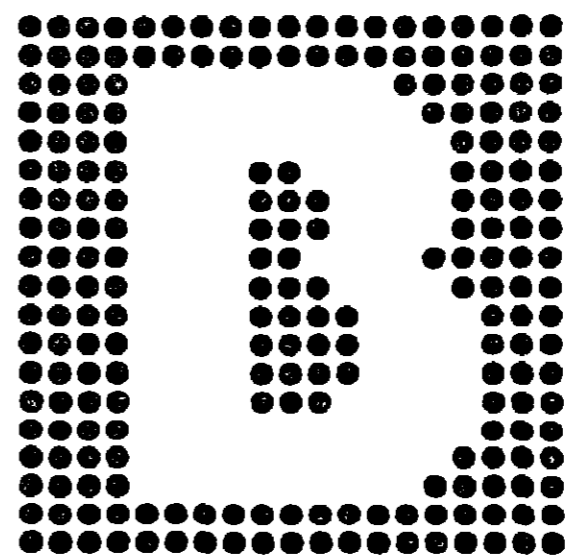
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Enterprise Zone Benefits No Rates till 1991

1st Phase Opening - Easter 1986

2nd Phase Opening - Christmas 1986

## Waiting for the sunrise

CONTINUED FROM PREVIOUS PAGE

war jobs in chemicals, steel and other industries.

According to government statistics this was done at the cost of £35,000 each though this figure is disputed.

Since the mid-70s, there has been a continuous fall in employment accelerating through the recession. Notified redundancies are still running at more than 2,000 a month.

In contrast to many regions, however, the North East has been successful in securing high inward investment. In the four years to 1982, 16 per cent of all inward investment within the UK came to the north (including Cumbria), exceeded only by Wales though by now well outstripped by Scotland. This compares with 4 per cent for Yorkshire and a lamentable performance in the North West.

There was a significant upsurge in foreign investment leaving the North East with plants and offices owned by about 70 European companies, half of them Scandinavian and a similar number of U.S. operations. Nissan has followed recent moves into the region by Findus and Zanussi.

Some 150 electronic and related companies are in the region. These range from Welwyn Electric at Bedlington which employs over 4,000 manufacturing a range of components and personal computers through NEI electronics in the Team valley to Isocom in Hartlepool which has just been attracted to the North East in competition with Wales.

Morgan Moore with bases in South Shields and Stockton is diversifying from ship-related work and Allen-Bradley at Jarrow has been recruiting labour. The North of England Development Council is hopeful of soon attracting two telecommunications companies. MARI is a locally developed software house.

The region is hoping to make a go of biotechnology. ICI agricultural division's site at Billingham has been producing single cell Frutensa animal feedstuff and recently signed an agreement with Ranks Hovis MacDougall to produce a bacterial-based food called myco-Protein in commercial quantities for human consumption.

Traditional manufacturing sectors have taken a terrible beating and more closures are on the cards. GEC is one company whose employment has been severely cut back. Redun-

dancies announced last month by NEI nuclear, and of the closure of British Steel's small Ayrton works and recent scores over the future of Coles Cranes are fresh reminders.

But there is still a great deal of heavier manufacturing, in which many companies are doing well. The big offshore fabrication sector with companies like Whessoe and Charlton Leslie, William Press, the Trafalgar Group and ITM Off-shore is moving through a buoyant phase.

Engineering stretches from mining machinery makers like Victor Products (a local company) and Huwood (part of Babcock) through NSK Ball-bearings to Thorn EMI at Spennymoor and Vickers' new tank building factory in Newcastle.

There is a surprising number of vehicle component manufacturers including Neiman which sells door locks to Japanese car manufacturers, Cummins and Sumitomo.

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The North East 4

# Plenty of scope for improvement

**Tourism**  
NICK GARNETT

THE North-east spells engineering and chemicals, the neat post-war planning of the new town and the industrial courtyards of the Tyne and Tees. It also means something quite different.

High Force on the River Tees, England's highest waterfall, the Roman genius of Hadrian's Wall, Durham Cathedral's fairytale setting and the Lindisfarne priory on Holy Island, conduit for the beginnings of Christianity in Britain are just as characteristic of the region.

In terms of size, the Cheviot Hills and the northern slice of the North Yorkshire moors (both national parks) the Durham dales and the wild expanses of moorland on the Pennine slopes are far greater than the urban communities of the North-east.

More than any other region, however, tourism in the North-east reflects local economic stresses. The number of "tourist nights" have remained static in the Northumbrian Tourist Board area since 1978 at around 12m a year, save for a temporary jump in 1981.

During these years holidays in both serviced and self-serviced accommodation have shown a sharp fall while staying overnight with relatives and friends has leapt from 47 per cent of all tourist trips to 68 per cent. This latter figure is 18 percentage points higher than the English average.

Mr Ray Hopper, the tourist board's commercial development director explains these figures by the region's insularity—in particular the very high proportion of visits accounted for by north-easteners living outside the region but with relatives still there — and the grinding impact of recession on spending. One overriding problem is the travel-

ling distance from big population centres outside the region.

A lack of hotels, restaurants and bed and breakfast accommodation is partly blamed by the board of the region's entrepreneurial weaknesses. There is also some self-criticism within local authorities that they themselves have been spending too little on tourist development.

**Funding**

They have been very supportive of the tourist board, however. Local authorities fund 47 per cent of the board's costs, the highest proportion for any English tourist board.

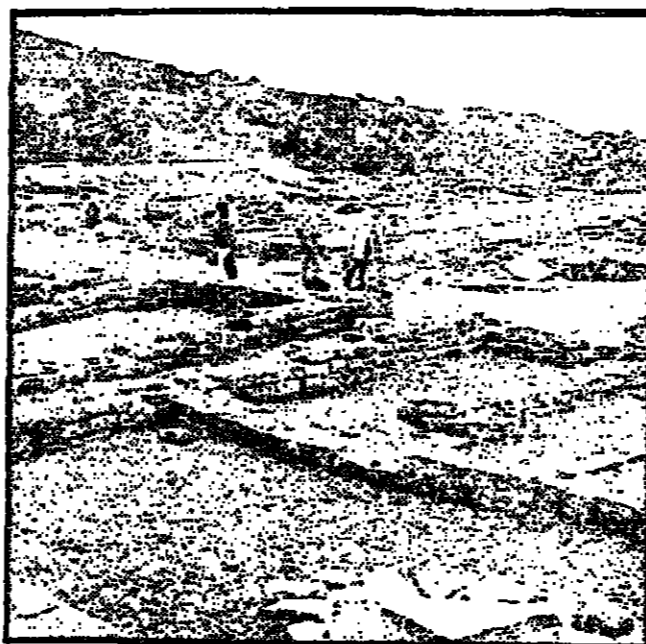
Part of the board's strategy is to "sell" the hospitality and informality of north-easteners as well as the varied and pleasing landscape which includes some splendid coastline and beaches. It is also seeking to promote training and the take-up of urban development grants and EEC regional development fund cash for tourist locations.

There is a shortage of fixed tourist sites in the four counties and many of them, such as castles and gardens, have obviously shown little or no recent development as tourist sites.

Having said that, there is a great variety of sites, ranging from the Beamish open air museum near Stanley, Durham Cathedral (with 500,000 visitors yearly), the surprising French chateau-style Bowes Museum at Barnard Castle and picturesque market towns like Hexham, Morpeth and Alnwick.

The Darlington railway museum reflects the region's history as a cradle for the steam locomotive, archaeology, too, is important. Hadrian's Wall has a large number of accessible visitor sites, including housesteads which incorporate the only example of a Roman hospital in Britain (and a Roman latrine with flushing tank).

Reconstruction of a Roman fort at South Shields and a new exhibition centre in Newcastle are schemes in the pipeline.



Old and the new. The site where Roman soldiers lived on Hadrian's Wall and (right) Haymarket station on the Tyne and Wear Metro



# Cuts loom over road spending

**Infrastructure**  
HAZEL DUFFY

GOOD COMMUNICATIONS are vital in the North East of England if the region is to succeed in attracting mobile industrial projects in competition with other regions. It has good road and rail links to the south, while Newcastle and Teesside airports provide good links with cities in Britain and continental Europe.

Within the region, Newcastle Castle and picturesque market towns like Hexham, Morpeth and Alnwick. The Darlington railway museum reflects the region's history as a cradle for the steam locomotive, archaeology, too, is important. Hadrian's Wall has a large number of accessible visitor sites, including housesteads which incorporate the only example of a Roman hospital in Britain (and a Roman latrine with flushing tank).

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the country is coming to an end. In the Tyne and Wear region, for instance, most of the A1, A19, A69 and A696 roads have been built or upgraded to dual carriageway standard.

The two major schemes still outstanding are the A69/A6125 Newcastle Western by-pass and extension, and the A696 Worsington and Kenton Bankfoot by-pass.

The county council has also said it would like to see duplication of the Tyne Tunnel built as part of the trunk road network to relieve the existing tunnel which is already fully loaded at peak times.

**Investment**

This is one of four communication links in the North East identified by the British Road Federation in a publication setting out the case for more realistic levels of highway and infrastructure investment throughout the country.

The BRF recognises that when the Newcastle/Carlisle improvement, the Middlesbrough by-pass — which will form part of the main east/west route across the country of Cleveland and is an integral part of the redevelopment of Middlesbrough — and the South Bank

link road, a logical extension of the Middlesbrough by-pass — are all completed, the need will be for: the second Tyne tunnel, a new bridge across the Wear in Sunderland, the Newcastle coast road extension, and the Gateshead east/west route.

Development of the primary road network and urban roads have been identified by the Government in recent statements on roads as the area where concentration of resources is now most needed.

Competition for transport expenditure is intense. In Tyne and Wear, for instance, the metro project has dominated the country's capital programme for the last ten years and major road-building was almost suspended. Plans to extend the metro, to the airport, for instance, have been dropped, leaving more financial leeway for investment in roads.

The Government now plans to abolish transport supplementary grant — a special grant additional to rate support grant — except for capital spending on road projects. The purpose of this policy change is to encourage urban road improvements, although public transport advocates believe it will be to the detriment of the running

of efficient transport systems in the public sector.

The two other areas where proposed policies could radically affect transport are the abolition of the metropolitan counties — Tyne and Wear will disappear in 1986 — and devolution of the bus industry. There are fears amongst many sections of the community that transport in the broadest sense will suffer under the former. Examples of responsibilities now the province of the Tyne and Wear county council include: construction and maintenance of non-trunk roads, traffic management, and control of the Passenger Transport Executives (PTEs).

**Joint boards**

They will be handed over to the district councils, which can form joint boards if desired. The PTEs will be broken down — almost certainly to the detriment of the integrated Tyne and Wear metro, say critics of the policy. The roads lobby has also been quite outspoken about its fears for the effects on road and traffic management.

Meanwhile, the Government is proposing to inject competition into public sector mono-

poly of the bus operating industry by abolishing route licensing for municipal routes, and making the PTE-managed bus fleets compete with the private sector.

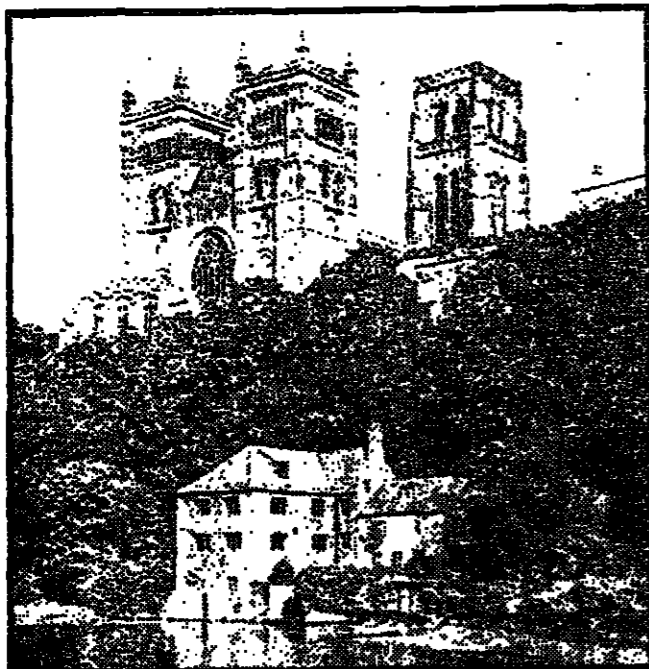
At the other extreme from public transport considerations, the North East remains primarily an industrial area and an important complex of ports reflects its core activities.

The major ports in the area are Tees and Hartlepool, mainly handling bulk cargoes from the chemicals and steel industries which form its hinterland. Tonnage going through the ports last year (excluding coastal traffic) totalled 16.8m tonnes (1982-14m tonnes).

The other main ports — Newcastle, North, and South Shields, registered 1.3m tonnes (1982-1.2m tonnes), and Sunderland (1982-1.4m tonnes).

Blyth, mostly bulk cargo but including some general cargo movements, is maintaining its return to higher levels of activity, handling 1.2m tonnes last year.

A considerable boost to communications by rail will be the electrification on the London/Newcastle/Edinburgh line, to be completed by the early 1990s.



Durham Cathedral on its magnificent site overlooking the river Wear is probably the most famous view in the North East

# NEI

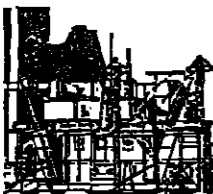
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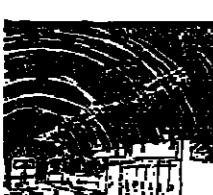
**Success in mechanical handling...**  
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**Success in communications and control...**  
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SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Tuesday September 18 1984

NEW YORK STOCK EXCHANGE 34-36 AMERICAN STOCK EXCHANGE 35-36 U.S. OVER-THE-COUNTER 36, 44 WORLD STOCK MARKETS 36 LONDON STOCK EXCHANGE 37-39 UNIT TRUSTS 40-41 COMMODITIES 42 CURRENCIES 43 INTERNATIONAL CAPITAL MARKETS 44

WALL STREET

Pause for breath after long run-up

A PAUSE for breath was taken as Wall Street financial markets began the week yesterday, after the run-up seen in share prices last Thursday and Friday, writes Michael Morgan in New York. Activity in the credit markets was muted ahead of another injection of liquidity by the Federal Reserve...

lower and the six-month bill, yielding 10.43, two basis points lower. Late in the day came the results of the weekly auction of bills with the yield on the three-month bill at 10.33 per cent and on the six-month bill at 10.40 per cent. Tomorrow brings the sale of \$8.5bn of two-year notes, and the Treasury is expected to announce plans today for auctions next week of seven-year notes and 20-year bonds...

Schlumberger traded down 1 1/4 to \$45 1/2, following its announcement last Friday that it was buying Sedco in a combined cash and stock deal. Separately, a Merrill Lynch analyst lowered his 1984 and 1985 estimates on Schlumberger, saying domestic drilling activity had been flat in recent months. Sedco traded down 5/8 to \$44 1/4. In the motor sector, General Motors added 3/4 to \$75 3/4 as its talks on a new contract with the United Auto Workers were recessed until today...

EUROPE

Sanctuary sought on sidelines

A SUBDUED tone emerged on most European bourses yesterday as investors assessed the previous week's rampage of the dollar and Wall Street's dramatic rallies. Despite the major bourse indices being plus or minus one point, pan-European trends were lacking with the exception of broadly lower banks and firmer airline stocks. Bonds overall were mixed to lower. A dull Frankfurt saw the Commerzbank index rise 1.0 to 1,032.1, while the expected broad technical correction to recent gains failed to occur...

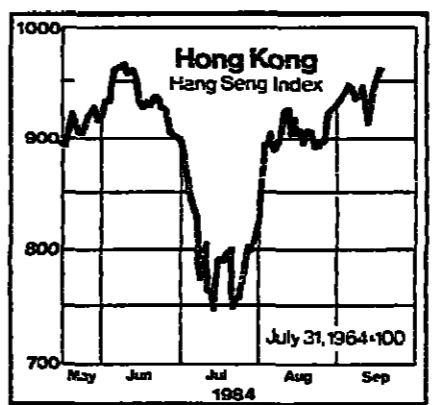
Concern in Zurich over possible U.S. car industry surfeit was sufficient to quell any enthusiasm.

Jacobs Suchard fell SwFr 165 to SwFr 6,025 ahead of stronger first-half sales while Nestle managed a SwFr 15 rise to SwFr 5,300. Bonds closed on average 1/4 point lower. Equities and bonds edged higher in Milan while all sectors, with the exception of steel, finished stronger in Madrid. A broadly lower Stockholm saw Electrolux, the most active, shed SKr 2 to SKr 243.

LONDON

Clear path develops for profit-takers

THE STRENGTH of the dollar against sterling and most other currencies unsettled London yesterday, particularly gilts. Profit-takers were left a clear entry to the market as investors expressed caution by staying clear of most sections. An afternoon rally helped recoup early losses, and reflecting this the FT Industrial Ordinary index was down 6 points at one stage before recovering to close 0.1 lower at 859.0. Easier U.S. bond values and London gilt futures contracts also served to undermine last week's sentiment. Government securities eased throughout the session to finish at their lows for the day...



HONG KONG A MORE bullish economic outlook from authorities in Hong Kong underwrote a rebound in activity on the share market. The Hang Seng index closed 18.08 higher at 863.52, while the value of business jumped from Friday's level of HK\$160.16m to HK\$194.2m - the highest level since August 6.

KEY MARKET MONITORS

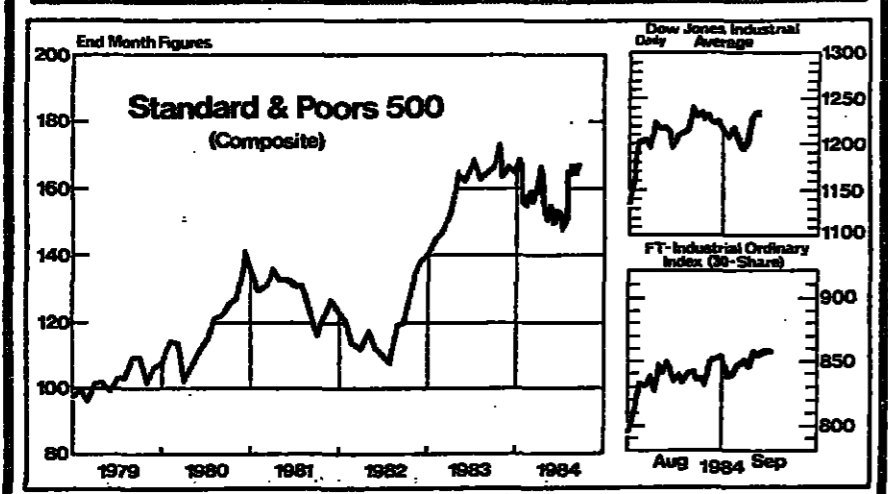


Table with multiple columns: STOCK MARKET INDICES (New York, London, Tokyo, Australia, Canada, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, Yen, Swiss Fr, etc.), INTEREST RATES (Euro-currency, U.S. Fed Funds, U.S. Treasury), U.S. BONDS (Treasury, Corporate, etc.), FINANCIAL FUTURES (Chicago, etc.), and COMMODITIES (Silver, Copper, Coffee, Oil).

TOKYO

Overseas spur to blue chips

EXPECTATIONS of a rise on Wall Street and foreign buying of blue chips sent share prices higher for the fifth consecutive trading session in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. The Nikkei-Dow index ended at 10,836.38, up 14.82 points, but turnover weakened to 292.8m shares from last Friday's 427.28m. Advances outpaced declines 352 to 322, with 197 issues unchanged.

The popularity of heavy electricals and other blue-chip issues strengthened rapidly among foreign investors and investment trusts, amid forecasts of a firm tone on Wall Street. According to Daiwa Securities, foreign buy orders, placed with the four largest securities companies in early trading amounted to 28m shares, against sell orders for 21.5m. Among popular issues were Toshiba, Mitsubishi Electric, Hitachi and other heavy electricals, and lower-priced blue chips like Fujitsu, the broker said.

Toshiba, the most active stock in four consecutive sessions with a turnover of 42.74m shares, climbed Y18 to Y475. The second busiest was Mitsubishi Electric, with 24.56m shares changing hands, rising Y18 to Y440. Fuji Electric added Y18 to Y288, and Hitachi Y1 to Y880. Trading in these four heavy electricals reached 78.43m shares, accounting for 28.7 per cent of the total. The firmness of these issues reflected investor expectations of buying by non-residents and relatively low prices, ranging from Y200 to Y400, despite strong business performances.

Fujitsu hardened Y10 to Y1,440 on an estimated 16 per cent rise in its recurring profit to Y120bn for the current business year. Conversely, Matsushita Electric Industrial eased Y10 to Y1,680, and NEC Y10 to Y1,380. Among other popular stocks were new materials stocks. NGK Insulators gained Y10 to Y881, with a volume of 3.62m shares, and Asahi Glass added Y21 to Y831, with 8.60m shares traded.

Incentive-backed issues weakened as their popularity ebbed. Kuraray shed Y18 to Y870, and Mochita Pharmaceutical Y480 to Y9,010. Bond prices eased slightly in slow trading. Institutional investors have withdrawn to the sidelines to await the end of the accounting year this month.

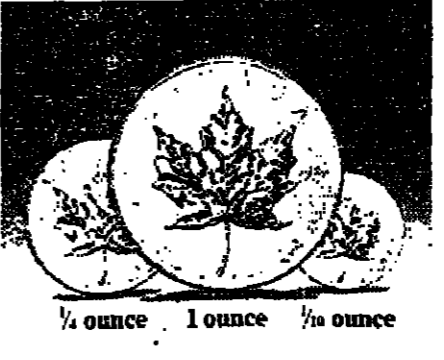
The yield on the 7.5 per cent government bond, due in January 1993, rose to 7.135 per cent from last Friday's 7.130 per cent. The rate for 7.3 per cent government bonds maturing in December 1993 also increased to 7.260 per cent from 7.255 per cent.

AUSTRALIA RESOURCE stocks came under selling pressure in Sydney as investors remained wary about the future course of international metal prices. Among the major losers were Western Mining, down 4 cents to A\$3.08, North Broken Hill 3 cents lower at A\$2.17 and CRA 5 cents lower at A\$4.82. Industrials were also weaker, with market leader BHP 5 cents down to A\$10.20 and CSR 3 cents lower at A\$3.15. The All-Ordinaries index fell 2.1 to 723.4. Oils were out of favour with Santos losing early support to close 6 cents down at A\$8.80, while Beach eased 8 cents to 80 cents.

ONLY THE PUREST GOLD HAS IMMORTAL VALUE THROUGHOUT THE WORLD.



Over 3000 years ago, the ancient Egyptians immortalized their King Tutankhamen in the purest of gold. Even then they knew that pure gold would have everlasting value. And that is still true today. Whoever invests in gold should also choose its purest form. Canada's Maple Leaf, for example, is struck with the purest gold that you can buy today. It contains no base metals and is the only coin available at banks with a purity of 999.9/1000 fine gold - guaranteed by the Canadian government. What does that mean for you? In contrast to ordinary gold coins which are 22-carat gold, you get the purity of 24-carat gold for your money with Maple Leaf. And, a high degree of assurance that you can trade it easily anytime, anywhere in the world. Therefore, prudent investors can follow the example of the ancient Egyptians. Whoever wants to acquire long-term value should choose gold of the highest purity. And today, that is the 999.9/1000 of the Canadian Maple Leaf - a purity for which there is no substitute.



Canada's Maple Leaf logo and text: Canada's Maple Leaf logo with a maple leaf and the words 'Canada's Maple Leaf'.

MAPLE LEAF THERE IS NO SUBSTITUTE FOR PURITY.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock market data with columns for stock symbols, prices, and volume. Includes sub-sections for various sectors like Technology, Energy, and Industrial.

Kidder, Peabody International Limited

International Investment Bankers

An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

Continued on Page 35

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized by sector (A through Z) and including columns for stock name, price, and change.

Continued on Page 36

Notes and footnotes regarding the data, including information about dividends and stock splits.

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock prices including Creditanstalt, Osterreichische Bank, and others.

GERMANY

Table of German stock prices including AEG-Telef., Allianz Vers., and others.

NORWAY

Table of Norwegian stock prices including Bergen's Bank, Hordaland Energy, and others.

AUSTRALIA (continued)

Table of Australian stock prices including Gen Prop Trust, Harbord Energy, and others.

JAPAN (continued)

Table of Japanese stock prices including MHI, Nippon Steel, and others.

OVER-THE-COUNTER Nasdaq national market, closing prices

Large table of over-the-counter stock prices with columns for stock name, price, and change.

LONDON

Table of London stock prices including Aidsom Int'l, Arlington Motor, and others.

BELGIUM/LUXEMBOURG

Table of Belgian/Luxembourg stock prices including ARBED, Bano Int'l, and others.

SPAIN

Table of Spanish stock prices including Bco Bilbao, Bco Central, and others.

SWEDEN

Table of Swedish stock prices including AGA, ASEA, and others.

HONG KONG

Table of Hong Kong stock prices including Bank East Asia, Cheung Kong, and others.

JAPAN

Table of Japanese stock prices including Ajinomoto, Alps Electric, and others.

SINGAPORE

Table of Singapore stock prices including Boustead Hlgs, Cold Storage, and others.

SOUTH AFRICA

Table of South African stock prices including Abercorn, Anglo Am Coal, and others.

NETHERLANDS

Table of Dutch stock prices including ACP Holding, AEGON, and others.

FRANCE

Table of French stock prices including Emprunt 4 1/2, Emprunt 7 1/2, and others.

NETHERLANDS

Table of Dutch stock prices including ACP Holding, AEGON, and others.

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Table of Dutch stock prices including ACP Holding, AEGON, and others.

FRANCE

Table of French stock prices including Emprunt 4 1/2, Emprunt 7 1/2, and others.

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Table of Dutch stock prices including ACP Holding, AEGON, and others.

CANADA

Table of Canadian stock prices including Toronto, Montreal, and others.

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AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices with columns for stock name, price, and change.

Continued on Page 35

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Dollar's relentless strength unnerves Gilt-edged market but equities resist

Account Dealing Dates
\*First Declara- Last Account
Dealings Cons Dealings Day

The relentless strength of the dollar against sterling and most other major currencies unnerved the London Gilt-edged market yesterday. Potential investors retreated, leaving the way clear for short-term operators to take profits after the previous six-day advance.

174p, but subsequently drifted back to close unchanged on the day at 169p.
Investors displayed small irregular movements after a quiet trade. Among Life issues, Pearl slipped 3 to 860p, but Equity and Law firmed that amount to 200p.

Among Chemicals, ICI attracted occasional domestic support and edged up 6 to 638p. In contrast, Laporte shed 10 to 330p, after 325p, on worries about a profits share, falling following the warning that the company was affected by the dividend deductions of British Petroleum and three other constituents.

Special situations again provided a host of noteworthy features among second-line Stocks. Tobaccoists Alfred Watson, a potential takeover candidate, responded afresh to speculative demand and advanced to 118p before settling 6 up on 470p, and Lloyds 4 better at 482p.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Mon Sept 17 1984, Fri 14, Thu 13, Wed 12, Tue 11, Mon 10 (approx).

FIXED INTEREST

Table with columns: PRICE INDICES, Mon Sept 17 1984, Fri Sept 14, Thu Sept 13, Wed Sept 12, Tue Sept 11, Mon Sept 10 (approx).

BRITISH GOVERNMENT INDEX-LINKED STOCKS

Table with columns: All stocks, 181.57, -0.22, 181.90, -2.25, 181.94, 1.79, 1.32.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Interest, Industrial Ord., Gold Mines, Ord. Div., Earnings, P/E Ratio, Total Bargains, Equity bargains, Shares traded.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Govt. Secs, Fixed Int., Ind. Ord., Gold Mine, High, Low, Since Complet'n, S.E. Activity.

of 10 to 25p. Reflecting favourable weekend Press mention, Polly Peck rose 8 to 225p and Zofy 5 to 122p, while rises of a penny were recorded in LCP, 93p, and Marley, 84p.

Leadors continued to take a back seat. Habitat Motereare firmed a few pence to 310p, while House of Fraser, due to announce interim figures today, firmed 2 1/2 to 265p.

TRICENTRAL IMPROVE

Leading oils held quietly firm throughout the day underpinned by news that BP and National garages would increase petrol prices from midnight; other retail prices are expected to follow.

Spring Ram higher

Leading miscellaneous industrial shares usually a few pence lower after a rather indecisive trading session. Elsewhere, Spring Ram responded to the interim figures and proposed one-for-script issue with a rise

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Nov., Last, Vol., Last, Vol., Last, Stock.

regarding the proposed strike by black mineworkers. Last week's ballot of South Africa's NUM was in favour of strike action, but some 50 per cent of the workforce turned in for work yesterday. New proposals put to the NUM on Sunday were being voted on yesterday and no results were known by the late afternoon.

Leadors continued to take a back seat. Habitat Motereare firmed a few pence to 310p, while House of Fraser, due to announce interim figures today, firmed 2 1/2 to 265p.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

LONDON TRADED OPTIONS

Table with columns: Option, Calls, Puts, Nov., Dec., Jan., Feb., Mar., Apr., May.

EQUITIES

Table with columns: Issue Price, Amount, Dividend, Date, Stock, High, Low, Change.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Dividend, Date, Stock, High, Low, Change.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Dividend, Date, Stock, High, Low, Change.

NEW HIGHS AND LOWS FOR 1984

Table with columns: NEW HIGHS (127), RISES AND FALLS YESTERDAY.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Shares, Fr. Change, Day's Change.

HOTELS—Continued

Table of hotel shares including companies like A&A Hotels, A&P Hotels, and various international hotel chains with their respective stock prices and financial data.

FT LONDON SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British funds including 'Shorts' (Lives up to five years) and 'Five to Fifteen Years' categories, listing fund names and their performance metrics.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years', listing various investment funds and their details.

Undated

Table of undated funds, listing investment options without specific maturity dates.

Index-Linked

Table of index-linked funds, detailing funds whose values are tied to a specific index.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues, listing various international securities.

CORPORATION LOANS

Table of corporation loans, listing various corporate debt instruments.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans, listing debt from these regions.

LOANS

Table of general loans, listing various types of debt securities.

Public Board and Ind.

Table of public board and industrial shares, listing various public and industrial companies.

Financial

Table of financial instruments, listing various financial products and their prices.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails, listing international debt securities.

AMERICANS

Table of American stocks, listing various US companies and their share prices.

CANADIANS

Table of Canadian stocks, listing various Canadian companies and their share prices.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing companies, listing various financial institutions.

Hire Purchase, Leasing, etc.

Table of hire purchase, leasing, and other financial services, listing various providers.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit companies, listing various beverage manufacturers.

BEERS, WINES—Cont.

Continuation of beer, wine, and spirit companies table.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads companies, listing various construction-related firms.

ELECTRICALS

Table of electrical companies, listing various firms in the electrical industry.

CHEMICALS, PLASTICS

Table of chemical and plastic companies, listing various firms in these industries.

DRAPERY AND STORES

Table of drapery and store companies, listing various retail and textile firms.

DRAPERY AND STORES

Continuation of drapery and store companies table.

ENGINEERING

Table of engineering companies, listing various firms in the engineering sector.

DRAPERY & STORES—Cont.

Continuation of drapery and store companies table.

ELECTRICALS

Continuation of electrical companies table.

CHEMICALS, PLASTICS

Continuation of chemical and plastic companies table.

DRAPERY AND STORES

Continuation of drapery and store companies table.

DRAPERY AND STORES

Continuation of drapery and store companies table.

ENGINEERING

Continuation of engineering companies table.

ENGINEERING—Continued

Continuation of engineering companies table.

ELECTRICALS

Continuation of electrical companies table.

CHEMICALS, PLASTICS

Continuation of chemical and plastic companies table.

DRAPERY AND STORES

Continuation of drapery and store companies table.

DRAPERY AND STORES

Continuation of drapery and store companies table.

ENGINEERING

Continuation of engineering companies table.

HOTELS & CATERERS

Table of hotels and caterers, listing various firms in the hospitality industry.

INDUSTRIALS—Continued

Table of Industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of Leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of Property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of Investment Trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OIL AND GAS—Continued

Table of Oil and Gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE 3 Gracechurch Street (E.T.V. 044) Telephone (01) 281 8811

MINES—Continued

Table of Mines stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Commercial Vehicles

Table of Commercial Vehicles stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Components

Table of Components stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

SHIPPING

Table of Shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PAPER, PRINTING ADVERTISING

Table of Paper, Printing and Advertising stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

TEXTILES

Table of Textiles stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

TOBACCO

Table of Tobacco stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OVERSEAS TRADERS

Table of Overseas Traders stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PLANTATIONS

Table of Plantations stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INSURANCES

Table of Insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY

Table of Property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

FINANCE, LAND, etc

Table of Finance, Land, etc stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OIL AND GAS

Table of Oil and Gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), British Group-Continued, and others, with columns for fund names, managers, and performance metrics.

Table listing unit trusts under the heading 'Key Fund Managers Ltd. (a)(g)', including details for various funds and their managers.

FT UNIT TRUST INFORMATION SERVICE

Main table listing a wide variety of unit trusts, categorized by manager or type, with columns for fund names, managers, and performance data.

Table listing unit trusts under the heading 'Perpetual Unit Trust Mgmt. (a) (i)', including details for various funds and their managers.

Table listing unit trusts under the heading 'Royal Life Pl. Mgmt. Ltd.', including details for various funds and their managers.

F.T. CROSSWORD PUZZLE No. 5520

- ACROSS
1 Supported by arms or threatened by them? (4,2)
4 Common assault after knock-ins-off time (1,4)
9 Cists down (8)
10 After a drink, game for a fight (8)
11 Red Indian medicine man gets the bird (6)
12 It's always torn out with great respect (8)
13 Fish or fox (3)
14 Gloomy doctor having a bad year (6)
17 Put off by act that included a song (7)
21 Rush through a life's work (6)
25 Good show! (3)
26 The sort of scenery provided by Co. Antrim? (8)
27 Oils so into Northern dwellings (8)
28 Portrait in which six get mixed up with ten (8)
29 Good man has an urge to join up (6)
30 Believer in God or in a philosopher (8)
31 Humorous nonsense, but it could bring the house down (3,3)
DOWN
1 House completed but not bought (4,4)
2 Coured by enjoyment, perhaps, though an expression of disgust comes in afterwards (8)
3 Drawn out in the wrong order—that's awkward (8)
5 Give an address to read out (6)
6 Magnetic holder? (6)
7 Lovely sort of shot—or shots (6)

Crossword puzzle grid with numbered squares for clues.

Solution to puzzle No. 5519, showing the filled-in crossword grid.

Table listing unit trusts under the heading 'National Provident for Mgrs Ltd.', including details for various funds and their managers.

INSURANCES

Table listing various insurance companies and their services, including details for different types of policies.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and fund companies, including Liberty Life Assurance Co Ltd, National Provident Institution, and others.

Table of financial data for insurance and fund companies, including Sare & Prosper Group, Target Life Assurance Co Ltd, and others.

Table of financial data for insurance and fund companies, including CAL Investments (IOM) Ltd, Grindley Henderson Mgt Ltd, and others.

Table of financial data for insurance and fund companies, including Standard Bank Ltd, Standard Bank Ltd, and others.

Table of financial data for insurance and fund companies, including Standard Bank Ltd, Standard Bank Ltd, and others.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas companies, including Acton Investment Fund SA, Ashby Investment Fund, and others.

Money Market

Trust Funds

Bank Accounts

Table of financial data for money market, trust funds, and bank accounts, including various fund names and their values.

NETS

Table of financial data for NETS, including various fund names and their values.

COMMODITIES AND AGRICULTURE

Copper market under pressure

By John Edwards, Commodities Editor

COPPER PRICES came under renewed selling pressure on the London Metal Exchange yesterday following a sharp decline in the New York market and an unexpected rise in warehouse stocks.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (changes in week ending Sept. 14)

sterling. Tin rose to new all-time peak levels as the buffer stock of the International Tin Council raised its support-buying levels to compensate for the decline in the pound against the Malaysian dollar.

Farm ministers press Italy

By Paul Cheswright in Brussels

EEC farm ministers yesterday pressed Italy not to seek any delays in bringing into effect the Community's scheme to lead back dairy production.

application across the Community. The Italian Government, pleading administrative difficulties, had suggested that instead of demanding from its farmers immediate payment of the super-levy it would make payments to Brussels and collect the money later.

Tea prices rise again in London

TEA PRICES rose again at the London auctions yesterday. The indicative price for quality teas advanced by 15p to 3-10p a kilo, medium grade by 10p to 3-00p and lower by 15p to 2-6p.

There was strong competition for the first Assam teas from this year's North Indian crop. India's decision this month to restrict exports to the target level of 215m kilos continues to give the world market a firm undertone in view of the general scarcity of supplies.

Higher prices for East African teas at the Nairobi auctions also encouraged the upward trend in London.

Citrus canker compounds Florida's problems

By Clay Harris in Lakeland, Florida

FLORIDA'S CITRUS-growers have been hit by a further setback, the outbreak of a highly infectious bacterial disease known as citrus canker. This has disrupted shipments and threatened to further squeeze an industry reeling from disastrous frosts which have cut production to a 16-year low and raised prices to a record high.

Though citrus canker has been positively identified at one location only, that location was a nursery and the source of young citrus trees ordered by growers to replenish freeze-hit groves. Highly suspicious leaves have been found at three other groves.

Other citrus-producing states, for other markets, the groves will have to be inspected and certified to be canker-free and the fruit dipped in a chlorine solution before shipment.

The current strain appears to have been previously unknown and officials are at a loss to explain its origin.

Florida citrus growers are determined, however, to maintain the tariff on Brazilian imports. This amounts to about nine U.S. cents per gallon of concentrate.

The Florida industry therefore claims to be unperturbed by Brazil's growing role in the world market.

World coffee agreement talks start

By John Edwards: LAST MONTH'S late frost in Paraná will have only a moderate impact on total Brazilian coffee production and will certainly not affect the country's ability to supply the world market in 1985-86.

U.S. feed-grain farmers invited to cut acreage by 10%

Those not signing for the programme between October 15 and March 31 will receive virtually no help from the U.S. Department of Agriculture next year.

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PRICE CHANGES

Table with columns for In tonnes, Sept. 17, + or -, Month ago, Sept. 17, + or -, Month ago. Includes Metals, Oil, Tin, and other commodities.

BRITISH COMMODITY PRICES

Table with columns for Commodity, Price, and Change. Includes Base Metals, Copper, Tin, and other commodities.

AMERICAN MARKETS

Table with columns for Commodity, Price, and Change. Includes MEAT/FISH, POTATOES, RUBBER, and other commodities.

INDICES

Table with columns for Index Name, Value, and Change. Includes FINANCIAL TIMES, REUTERS, MOODY'S, and other indices.

LONDON OIL

Table with columns for Oil Type, Price, and Change. Includes Arabion Light, Dubai, Brent, and other oil grades.

GAS OIL FUTURES

Table with columns for Gas Oil Type, Price, and Change. Includes Brent, TMS, and other gas oil futures.

GOLD MARKETS

Gold fell 55 an ounce from Friday's close in the London bullion market yesterday to finish at \$3351.336.

LONDON FUTURES

Table with columns for Commodity, Price, and Change. Includes Gold Bullion, Gold Platinum Coins, and other futures.

EUROPEAN MARKETS

ROTTERDAM, September 17: Wheat—(U.S. \$ per tonne): U.S. two soft red winter Oct 155.50, Nov 156.50, Dec 160.

ALUMINIUM

Table with columns for Aluminium Type, Price, and Change. Includes Aluminium, Zinc, and other metals.

COCOA

The weakness of sterling coupled with a decline in the cocoa market to trade strongly during the morning with the nearer positions of the market.

COFFEE

The strength of the dollar prompted a rally in robusta prices in the morning, reports Drexel Burnham Lambert.

SUGAR

The market came under renewed long liquidation, particularly in the spot position, reports C. Czarnikow.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 19 tonnes. Activity was on a restricted scale.

JUTE

JUTE—Oct-Nov and Dec futures BWC 5760, BTC 5765, BWD-BTC 5765 and BWC-BTC 5765.

WHEAT

Table with columns for Wheat Type, Price, and Change. Includes Wheat, Barley, and other grains.

BARLEY

Table with columns for Barley Type, Price, and Change. Includes Barley, Oats, and other grains.

WHEAT

Table with columns for Wheat Type, Price, and Change. Includes Wheat, Barley, and other grains.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar touches new highs

The dollar rose to record levels against several major currencies yesterday on a wave of speculative demand fuelled by higher interest rates here.

Resistance but still succumbed to a 21-month low as the dollar finished at 2247.15 up from 2245.45. The French franc was at a record low as the lira, with the dollar closing at FF 8.4250 and L1882, respectively.

This closed at 77.0 down from 77.7 on Friday, having stood at 77.3 at noon and 77.7 at the opening.

THE POUND SPOT AND FORWARD

Table with columns: Days, Spot, One month, Three months, % change. Rows include US, Canada, West Germany, etc.

OTHER CURRENCIES

Table with columns: Sept. 17, £, \$, Note Rates. Rows include Argentina, Australia, Brazil, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change, Divergence. Rows include Belgium, Denmark, France, etc.

EXCHANGE CROSS RATES

Table with columns: Country, Currency, Value of £ Sterling. Rows include Australia, Canada, Denmark, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Starting, U.S. Dollar, Canadian Dollar, etc. Rows include Short term, 7 days notice, etc.

MONEY MARKETS

UK rates edge nervously firmer

Interest rates were marked up in London yesterday, mainly as a reflection of sterling's weakness. The pound not only touched a record low against the dollar but more significantly slipped to an eight-year low on its trade-weighted index.

including maturing assistance and take-up of Treasury bills together draining £52m and £200m transactions a further £72m.

The Bank of England forecast a shortage of around \$450m with factors affecting the market.

FT LONDON INTERBANK FIXING

Table with columns: Term, Bid, Offer. Rows include One month, Two months, Three months, etc.

LONDON MONEY RATES

Table with columns: Term, Rate. Rows include Overnight, One month, Two months, etc.

Discount Houses Deposit and Bill Rates

Table with columns: Term, Rate. Rows include Treasury (Buy), Treasury (Sell), etc.

MONEY RATES NEW YORK (Lunchtime)

Table with columns: Term, Rate. Rows include Prime rate, Fed funds, Treasury Bills, etc.

FINANCIAL FUTURES

Eurodollars firm

Euro-dollar prices were a little firmer in the London International Financial Futures Exchange yesterday. There was speculation that the Fed may have taken a slightly more relaxed monetary stance.

LONDON

Table with columns: Term, Rate. Rows include Three-month Eurodollar, Three-month Sterling deposit, etc.

CHICAGO

Table with columns: Term, Rate. Rows include U.S. Treasury Bonds, U.S. Treasury Bills, etc.

CURRENCY MOVEMENTS

Table with columns: Currency, Bank of England, Morgan Guaranty, etc. Rows include Sterling, U.S. dollar, Canadian dollar, etc.

YOUR COMPANY IMAGE. Specially die struck medals in bronze, silver and gold. Includes Jaguar logo and promotional gifts information.

DEMOCRATIQUE ET POPULAIRE REPUBLIQUE ALGERIENNE. Includes text about the Ministry of Energy and Petrochemical Industries and the ENTP (National Oil Exploitation Company).

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 17, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates.

Large table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Lists exchange rates for numerous countries including Afghanistan, Albania, Algeria, etc.

\* Rate is the transfer market (controlled). \*\* New official rate. (1) Based on gross rates against Russian rouble. (2) Preferential rate for priority imports such as foodstuffs. (3) Preferential rate for public sector debt and essential imports. (4) Free rate for luxury imports, remittances of money abroad and foreign travel. (5) Parallel rate. (6) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (7) Bankers' rate. (8) Rate for exports. (9) Parallel rate. (10) Rate for imports. (11) Essential imports. (12) Non-essential imports. (13) Nearly all business transactions.

**FT INTERNATIONAL BOND SERVICE**

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 17.

ISD	Denom	Yield	Change	Week	Yield	ISD	Denom	Yield	Change	Week	Yield
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%

ISD	Denom	Yield	Change	Week	Yield	ISD	Denom	Yield	Change	Week	Yield
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%

ISD	Denom	Yield	Change	Week	Yield	ISD	Denom	Yield	Change	Week	Yield
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%
100	100%	10.00%	+0.01%	10.01%	10.01%	100	100%	10.00%	+0.01%	10.01%	10.01%

**CAPITAL MARKETS**

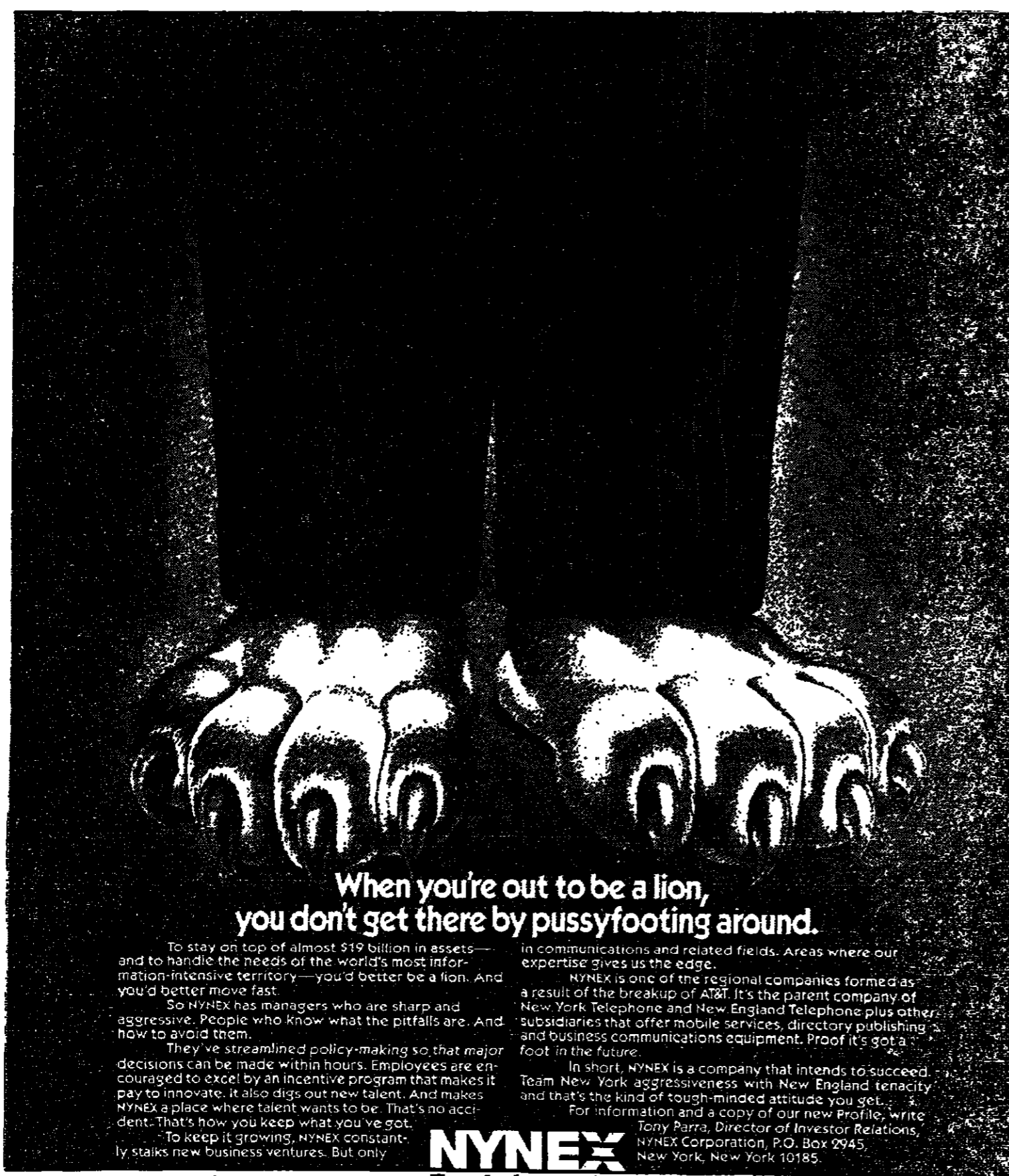
**Canadian Pacific's \$75m bond issue**

**BY MAGGIE URRY**  
**THE THOUGHT** of a big issue from Chevron, for which managers are already being lined up, kept the Euro-dollar bond market inactive for most of yesterday. Late in the afternoon however, Canadian Pacific got tired of waiting and slipped out a U.S. \$75m issue, through Orion Royal Bank.  
 The bonds will have an initial six-year life, extendible to 15 years with the 12% per cent coupon re-fixed. The issue price is par. The terms did not look generous, and in early trading the bond was seen just outside its initial 1% per cent fees.  
 Secondary market business was slow in Euro-dollar bonds, and prices slipped by a 1/4 point, following the weaker closing in New York on Friday.  
 Banque Paribas has won an exemption from the U.S. Treasury for its \$250m 15-year issue for Dade Savings and Loan. The issue ran into trouble because the Treasury banned any government agency from issuing bearer debt, because the bonds were collateralized by Government National Mortgage Association paper.  
 The issue will be closed today, and it rapidly jumped in price from a low of 97 1/2 to 100 1/2. The Treasury's rules will prevent other savings and loan groups tapping the Euro-

bond fixed rate market, unless investors are prepared to buy registered bonds.  
 S.G. Warburg announced an offer for sale of a £300m bond issue for the European Investment Bank. This is the EIB's second building.  
 This issue, dated 2004, will yield 0.55 per cent more than the comparable gilt-edged stock. Treasury 1 1/2 per cent 2004-08.  
 The EIB is also expected to tap the European Currency Unit market this week through a two-tranche issue. The changes in the composition of the ECU seem now to be discounted in the market, and prices of seasoned ECU bonds were steady yesterday after last week's 1/2 point fall.  
 In the Deutsche Mark sector, Deutsche Bank priced the seven-year DM 75m issue for Megal, the European gas pipeline group, at 98 1/2 with a 7 1/4 per cent coupon.  
 Swiss franc foreign bonds were little changed in low turnover yesterday.

**OVER-THE-COUNTER**

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
Continued from Page 36						Continued from Page 36					
Alcoa	100	100	100	100	0	Alcoa	100	100	100	100	0
Amgen	100	100	100	100	0	Amgen	100	100	100	100	0
Amgen	100	100	100	100	0	Amgen	100	100	100	100	0



**When you're out to be a lion, you don't get there by pussyfooting around.**

To stay on top of almost \$19 billion in assets—and to handle the needs of the world's most information-intensive territory—you'd better be a lion. And you'd better move fast.  
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 Tough demands breed tough minds.

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
Continued from Page 36						Continued from Page 36					
Amgen	100	100	100	100	0	Amgen	100	100	100	100	0
Amgen	100	100	100	100	0	Amgen	100	100	100	100	0
Amgen	100	100	100	100	0	Amgen	100	100	100	100	0